

**MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
March 12, 2014**

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

Others present: San Benito High School students, Robert Huenemann, Shawn Novack, Chuck DeVita, and Harry Hill.

F. CONSENT AGENDA:

1. Approval of Minutes –Special Meeting of February 11, 2014 and Regular Meeting of February 12, 2014.
2. Allowance of Claims – Ratify disbursements for the period February 5, 2014 through March 4, 2014 totaling \$1,146,209.69, which includes \$803,056.13 for employee compensation and payments to vendors, \$340,986.83 paid to the City of Hollister for payments collected on their customer’s sewer billings, and \$2,166.73 for customer refunds and deductions for checks returned for insufficient funds. The last check written as of March 4, 2014 was #19471. The list of disbursements is as follows:

Date	Num	Name	Amount
02/14/14	ACH 0563	EFTPS	-236.30
02/10/14	ACH 0564	RETURNED CHECK (Ck Ret 02-01)	-338.96
02/28/14	ACH 0565	EFTPS	-20,546.48
02/20/14	ACH 0566	RETURNED CHECK (Ck Ret 02-02)	-160.00
02/24/14	ACH 0567	RETURNED CHECK (Ck Ret 02-03)	-185.00
02/19/14	ACH 0568	RETURNED ACH (ACH Ret 02-01) - Redeposit 2/26/14	0.00
02/19/14	ACH 0569	RETURNED ACH (ACH Ret 02-02)	-167.32
02/20/14	ACH 0570	RETURNED ACH (ACH Ret 02-03)	-170.45
03/03/14	ACH 0571	Merchant Services	-638.42
02/14/14	DD 1044	Clapham, David G	-183.70
02/14/14	DD 1045	Johnson, John M	-266.05
02/14/14	DD 1046	Meraz, David E	-92.35
02/14/14	DD 1047	Villalon, Daniel	-159.70
02/28/14	DD 1048	Alvarez, Abel	-4,472.99
02/28/14	DD 1049	Brill, Kelly L.	-4,978.24

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
02/28/14	DD 1050	Buck, Cathy L.	-6,772.46
02/28/14	DD 1051	Castro, Kevin G. (see check #19426)	0.00
02/28/14	DD 1052	Chavez, Jr., Manuel T.	-6,402.57
02/28/14	DD 1053	Eclarin, Ernesto P.	-4,738.96
02/28/14	DD 1054	Estrada, Thomas A.	-4,357.85
02/28/14	DD 1055	Filice, James L.	-6,573.58
02/28/14	DD 1056	Hagins, Patrick M.	-4,802.54
02/28/14	DD 1057	Jackson, Patrick W.	-6,628.23
02/28/14	DD 1058	Knight, Sean W.	-4,390.53
02/28/14	DD 1059	Malko, Kim A.	-2,517.23
02/28/14	DD 1060	Norman, III, Walter R.	-5,177.53
02/28/14	DD 1061	Padilla, David	-5,715.29
02/28/14	DD 1062	Porteur, Carol A.	-4,007.21
02/28/14	DD 1063	Ridenhour, Donald G	-9,837.41
02/28/14	DD 1064	Watson, Scott A.	-5,161.04
02/28/14	DD 1065	Zavala, Anabel G.	-4,244.58
02/06/14	19366	San Benito County Clerk	-110.00
02/10/14	19367	Auto Tech Service Center, Inc.	-172.78
02/10/14	19368	B.W.S. Distributors, Inc.	-41.39
02/10/14	19369	David J Powers & Associates, Inc.	-4,129.90
02/10/14	19370	National Meter & Automation, Inc.	-4,692.38
02/10/14	19371	P G & E	-18,725.85
02/10/14	19372	Petty Cash	-41.70
02/10/14	19373	Radio Shack (Crystal T.V.)	-50.96
02/10/14	19374	San Benito Engineering & Surveying Inc.	-2,950.00
02/10/14	19375	South Valley Internet, Inc.	-20.45
02/10/14	19376	Staples	-103.05
02/10/14	19377	Toro Petroleum Corp.	-1,615.63
02/10/14	19378	USA BlueBook	-165.04
02/10/14	19379	Wright Bros. Welding & Sheet Metal, Inc.	-35.95
02/13/14	19380	San Benito County Clerk	-2,252.25
02/14/14	19381	Hill, Kathleen A	-246.05
02/14/14	19382	U.S. Bank Corporate Payment Systems	-1,741.84
02/18/14	19383	Void	0.00
02/18/14	19384	Void	0.00
02/18/14	19385	A-1 Services	-373.00
02/18/14	19386	AL's Septic Tank Service Inc.	-3,115.00
02/18/14	19387	All Star Ready Mix, LLC	-615.23
02/18/14	19388	American Water Works Assoc. CA-NV Section	-55.00
02/18/14	19389	Bianchi Kasavan & Pope, LLP	-1,806.00
02/18/14	19390	California Clean Energy LLC	-2,427.90
02/18/14	19391	City of Hollister-Finance Dept	-340,986.83
02/18/14	19392	CM Analytical, Inc.	-14,641.25
02/18/14	19393	Everbank Commercial Finance, Inc.	-226.87
02/18/14	19394	Ferguson Enterprises, Inc.	-193.52
02/18/14	19395	Greenwood Chevrolet	-125.00
02/18/14	19396	Hach Company	-455.59
02/18/14	19397	Quinn Company	-244.00
02/18/14	19398	Radio Shack (Crystal T.V.)	-32.54
02/18/14	19399	San Benito County-Admin Office	-13,286.00
02/18/14	19400	San Benito County-LAFCO	-2,120.00
02/18/14	19401	Union Bank of California, N.A. (SF)	-606.75
02/18/14	19402	USA BlueBook	-313.09
02/18/14	19403	GARY BARNES	-164.38
02/18/14	19404	San Benito County Surveyor	-500.00
02/19/14	19405	MARIA DION, TRUSTEE	-95.44
02/24/14	19406	AL's Septic Tank Service Inc.	-722.50
02/24/14	19407	AutomationDirect.com	-110.00
02/24/14	19408	Bryce Consulting, Inc.	-2,740.25
02/24/14	19409	Calcon System, Inc.	-6,609.72
02/24/14	19410	Calif. Dept. of Public Health - OCP	-140.00
02/24/14	19411	City of Hollister-Finance Dept	-125.21

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
02/24/14	19412	De Lay & Laredo	-4,655.50
02/24/14	19413	EBCO Pest Control	-55.00
02/24/14	19414	Employee Relations, Inc.	-258.50
02/24/14	19415	Hollister Auto Parts, Inc.	-82.95
02/24/14	19416	Kart Man's, The	-75.00
02/24/14	19417	Mid Valley Supply	-79.55
02/24/14	19418	OnTrac	-66.82
02/24/14	19419	Palace Art & Office Supply	-93.44
02/24/14	19420	Razzolink.com	-7.85
02/24/14	19421	RMC Water and Environment	-13,408.45
02/24/14	19422	San Benito Tire, Inc.	-666.34
02/24/14	19423	Toro Petroleum Corp.	-1,206.11
02/24/14	19424	Postmaster	-249.76
02/25/14	19425	Anderson Pacific Engineering - Retention	-472,709.85
02/28/14	19426	Castro, Kevin G.	-4,776.55
02/28/14	19427	Employment Dev. Dept. (EDD) DE88 Pmts.	-8,116.14
02/28/14	19428	CalPERS - Retirement	-1,036.00
02/28/14	19429	Nationwide Retirements Solutions	-11,754.31
02/28/14	19430	CalPERS - Health Insurance	-15,474.69
02/28/14	19431	CalPERS - Retirement	-29,312.27
02/28/14	19432	Dearborn National Life Insurance Company	-288.00
02/28/14	19433	Premier Access Insurance Co.	-3,135.13
02/28/14	19434	HealthSmart Benefit Solutions, Inc. (VSP)	-347.38
02/28/14	19435	Postmaster	-1,925.56
02/28/14	19436	Petty Cash	-73.09
03/03/14	19437	SANDIE ARNETT	-65.63
03/03/14	19438	ROSE BISHOP	-137.91
03/03/14	19439	ROSE BRUNO	-174.15
03/03/14	19440	CHARLES J COACHMAN	-150.00
03/03/14	19441	JOHN & CHARLENE GIONCOLA	-63.21
03/03/14	19442	MAREK & ANGRA JEZ	-11.15
03/03/14	19443	PHILLIP & JENNIFER LAMONICA	-188.38
03/03/14	19444	MISSION VILLAGE REALTY	-81.58
03/03/14	19445	BEN & BREANNA MOELLER	-78.92
03/03/14	19446	JOSH HUNTER & MICHELLE PATTERSON	-29.69
03/03/14	19447	Hagins, Patrick M.	-125.04
03/03/14	19448	Ace Hardware (Johnson Lumber Co.)	-282.59
03/03/14	19449	AL's Septic Tank Service Inc.	-3,837.50
03/03/14	19450	All Star Ready Mix, LLC	-959.93
03/03/14	19451	Anderson Pacific Engineering Constr, Inc.	-4,369.59
03/03/14	19452	AT&T	-278.97
03/03/14	19453	Atlas Copco Compressors, Inc.	-904.44
03/03/14	19454	Auto Tech Service Center, Inc.	-36.88
03/03/14	19455	B.W.S. Distributors, Inc.	-984.99
03/03/14	19456	Brigantino Irrigation	-46.60
03/03/14	19457	CM Analytical, Inc.	-1,745.00
03/03/14	19458	Evoqua Water Technologies LLC (Siemens)	-3,585.68
03/03/14	19459	Grainger, Inc.	-356.68
03/03/14	19460	Mark Nicholson, Inc.	-5,231.22
03/03/14	19461	NH3 Service Company	-752.50
03/03/14	19462	O'Reilly Auto Parts	-12.66
03/03/14	19463	Razzolink.com	-195.85
03/03/14	19464	San Benito Tire, Inc.	-20.00
03/03/14	19465	Sierra Chemical Co.	-2,312.63
03/03/14	19466	Tiffany Motor Co.	-3,267.25
03/03/14	19467	Verizon Wireless	-760.30
03/04/14	19468	Watson, Scott A.	-150.00
03/04/14	19469	Mission Uniform Service	-645.92
03/04/14	19470	Filice, James L.	-543.74
03/04/14	19471	Filice, James L.	-119.61
Total Disbursements			-1,146,209.69

Upon motion made by Director Meraz, seconded by Director Clapham, and carried 4-0 (President Villalon absent), the Board approved the Consent Agenda as presented.

G. NEW BUSINESS:

- 1. RECEIVE 7-MONTH BUDGET ANALYSIS AND REVIEW FOR SUNNYSLOPE COUNTY WATER DISTRICT FROM 7/1/13 to 01/31/14:** Finance & Human Resource Manager Cathy Buck presented a detailed review and comparison of the first seven months of actual vs. budget financial results to the Board in a written staff report. Ms. Buck explained that the Lessalt Water Treatment Plant is not fully recorded in the financial records at this point due to the complexity of the agreements and that she is working with our audit firm to determine how all aspects of the agreements should be recorded in our financial records, but she does not anticipate a negative impact on the budget. She then asked if any Board member had any questions or comments. Director Meraz stated that the Finance Committee reviewed the 7-Month Budget Analysis at their last meeting and the committee was satisfied with the analysis. There were no other comments or questions.

Upon motion made by Director Meraz, seconded by Director Clapham and carried 4-0, (President Villalon absent), the Board approved the 7-month budget analysis and review for Sunnyslope County Water District from 7/1/13 to 1/31/14.

- 2. CONSIDER A PROPOSED CAPITAL IMPROVEMENT SCHEDULE FOR THE BEST ROAD PIPELINE:** General Manager/Secretary Ridenhour began by explaining the history of the District's ongoing consideration of the Best Road Pipeline as a potential capital project. He explained that in 2009, Sunnyslope County Water District (the District) entered into an agreement with Venture Estates Mutual Water Company for the construction of an 18"-24" pipeline in Best Road to connect Venture Estates to the District water system. The construction of the pipeline was contingent on the District receiving favorable funding arrangements for the project. If the contemplated funding was received, it was anticipated the pipeline could be constructed by December 31, 2012. The District pursued a low interest loan from the State to finance construction of the pipeline and received conditional approval of a low interest loan. To receive the low interest loan, the District would have needed to raise water rates to all customers sufficient to meet the water revenue requirements of the low interest loan.

The Board of Director's approved a Capital Improvement Plan (CIP) for the District's water system in January of 2011. This CIP included a project to build a 24" pipeline in Best Road from the intersection of Highway 25 to the intersection of Harbern Way and was intended to be the first phase of a pipeline that would connect to a water storage tank needed in future years east and north of Best Road to increase water storage capacity in the District's high pressure zone. This future tank will need to be at the same elevation as the Ridgemark Tanks (641 feet) and will be necessary at some future date when development in the District's high pressure zone exceeds the ability to provide service to the area. In the 2011 CIP, this pipeline was to be built in fiscal year 2011/2012 and 2012/2013.

General Manager/Secretary Ridenhour stated that in September of 2012, the Board approved a Five-Year Strategic Plan that included a list of capital improvements to the water system and showed the Best Road Pipeline being constructed in fiscal year 2013/2014. It was recognized during the discussion of the Strategic Plan by the Board that the capital improvements would need to be considered after a more thorough review of the District's needs and finances.

In August of 2013, the Board approved new water rates that would go into effect over a six year period. The capital improvements listed in previous reports and studies were

reviewed closely and were reduced to meet current District needs and with consideration of the impacts to rates. The Best Road Pipeline was included in the projects considered. The expenditure tables in the water rate study reflect the project being pushed out to fiscal year 2018/2019. During the presentation to the Board in August of 2013, the constructing of this project was mentioned specifically and the negative impact to the District financial reserves was noted. General Manager/Secretary Ridenhour recalled that he explained during the rate hearings that the Best Road Pipeline was left in the financial review so the impact could be seen. It was also explained that staff did not recommend building the pipeline in fiscal year 2018/2019 unless significant development had occurred that would require additional storage in the District's high pressure zone. He explained the District's position has been that the Best Road Pipeline Project should be paid for by new development impact fees in future years. The year of construction of this pipeline should be determined by the service needs of new water connections. At the current pace of development it will most likely be six years or longer before the Best Road Pipeline and additional storage tank will be needed by the District.

General Manager/Secretary Ridenhour explained that staff is recommending the Board postpone the Best Road Pipeline Project until new development impact fees will cover the cost and create the need for the project. Staff estimates this to occur in 5 to 10 years.

Mr. Bob Huenemann of Venture estates explained to the Board that approximately 25 years ago he proposed annexing into the District and pushed for the connection fees to be paid in 2006 because he was in favor of connecting to Sunnyslope County Water District, and also stated that Venture Estates may not be doing the necessary maintenance on their 40 year old system to preserve it.. Mr. Huenemann asked if there is a written agreement between Sunnyslope County Water District and Venture Estates for the Best Road Pipeline, and stated that he would like to receive a copy. General Manager/Secretary Ridenhour responded there is a written agreement and he would be happy to provide Mr. Huenemann with a copy. Mr. Huenemann continued with comments such as; the possibility that if the pipeline was built that it may not even go as far as Harbern Way; and the District not applying for the State funding and how the District would need to increase rates for this project. Mr. Huenemann asked a few more questions that were a bit off topic and General Manager/Secretary Ridenhour suggested that he meet one on one with Mr. Huenemann to discuss those issues. Director Meraz stated that he has been involved with the Best Road Pipeline Project since the beginning and highlighted the point that all rate payers would have to pay for this project that would only benefit Venture Estates and he also feels that the \$85,000 Venture Estates would pay, does not compare to the cost of a million dollar pipeline project for development that is unknown.

Director Meraz asked General Manager/Secretary Ridenhour if there were any other Capital Improvement projects that were not on the list that may take precedence, to which Mr. Ridenhour responded there is the West Hills Water Treatment Plant on the Capital Improvements list, which will include a pipeline that will run across town directly to Sunnyslope County Water District. Mr. Ridenhour added, as development begins to happen, the Best Road pipeline will be re-evaluated.

- 3. PUBLIC HEARING: CONSIDER ADOPTION OF RESOLUTION NO. 531 DECLARING A WATER SHORTAGE EMERGENCY AND IMPLEMENTING THE DISTRICT'S WATER SHORTAGE CONTINGENCY PLANS:** General Manager/Secretary Ridenhour explained that California is entering its third consecutive dry winter, and rainfall during 2013 was the lowest recorded rainfall since records have been kept in the mid-1800s. Governor Edmund G. Brown Jr. has recently declared a drought emergency and the Bureau of Reclamation has reduced delivery projections for the Central Valley Project (CVP) to 0% for Ag customers and 50% for municipal and industrial customers. San Benito County Water District (SBCWD) declared a water

shortage emergency at a special meeting and hearing on February 18, 2014. SBCWD staff have requested Sunnyslope County Water District and the City of Hollister declare an emergency as well. The Board was provided a proposed resolution declaring a water shortage emergency and implementing the Stage I water shortage contingency plan as detailed in the Hollister Urban Area Water Management Plan that was adopted by all three agencies in 2011. A Stage I declaration would trigger a voluntary water conservation effort from the community with a goal of reducing water demand by up to 15%. Staff believes that no water rate increases are necessary to offset the voluntary reduction through careful management of District financial reserves. A public outreach effort is already under way with the Water Resources Association preparing bill inserts and other materials to advertise and request conservation.

General Manager/Secretary Ridenhour explained that Sunnyslope and the Hollister Urban Area are fortunate to have groundwater supplies sufficient to accommodate additional consecutive dry years with limited imported surface water available. Sunnyslope expects to experience a reduction in surface water supply deliveries of 400 acre feet to the Lessalt Water Treatment Plant in 2014. Normal quantities of water delivered to the Lessalt Water Treatment Plant are 1,700 to 1,800 acre feet per year with a portion of the Lessalt water being delivered to the City of Hollister. Sunnyslope's total water demands in 2013 were approximately 2,810 acre feet and the reduced surface water delivery can be replaced with groundwater. Due to the severity of the statewide drought, staff feels it is prudent to ask our customers to voluntarily reduce water consumption to save precious water resources in case of additional dry years and to conserve our groundwater resources.

General Manger/Secretary Ridenhour stated that a Public Notice regarding the proposed Resolution declaring a water shortage emergency and implementing the District's water shortage contingency plans was printed in the Hollister Freelance newspaper on February 28, 2014 as required. Mr. Ridenhour also stated that during this time of drought, the District staff will no longer be flushing fire hydrants to conserve water.

Director Clapham expressed his concerns with adopting and declaring the water shortage as an emergency. Some of the points Director Clapham made were, the current water levels are about where the normal September levels were; could the conservation be on a volunteer basis rather than declaring an emergency; water subsidies for people that use the most water and need the money the least, on a national level; water is used for large farming operations; reading articles in the newspapers regarding the millions of dollars that are being spent on declaring the emergency water shortage; and he also feels this water shortage contingency plan should be coming from a Statewide level.

Shawn Novack with the Water Resources Association addressed Director Clapham's concerns explaining that back in 2009 urban residents were the first required to conserve and now Agriculture has been phased into the plan which addresses water conservation and climate change. Mr. Novack explained that efficiency and technology is getting better; new plumbing requirements and landscaping codes are in effect; and there has been a great deal of outreach to customers on water conservation at a local level. Mr. Novack explained that 50% of water usage is for landscaping and now people are putting in drought tolerant plants, less lawn, and more redwood chips in their yards. Mr. Novack stated that they are currently working on management plans for agriculture to see how that would help with the conservation. He stated that when he started working here 12 years ago, we were using 212 gallons of water per day, per person, and in 2010, when the Urban Water Management plan was done, the water usage had gone down to 167 gallons per day, per person, and they are hoping to have the usage down to about 129 gallons per day, per person, by 2020. Mr. Novack also stated that if we were to get a wet winter in the next year, the drought will still be in effect because he is hearing from the Bureau that

there will be low deliveries from the Central Valley Project because the low reservoir levels statewide.

Chuck DeVita, a Sunnyslope County Water District customer in the Ridgemark area, passed out a letter to the Board of Directors which contained a comparison chart of water usage charges for 2013 & 2014. Mr. DeVita stated that the purpose of his letter was to raise his observation that the water rates the Board have implemented do not encourage water conservation during a time of extreme drought in our area. The new rates provide less incentive for large water users to conserve than in 2013, and it appears that the rate changes were intended to favor large users. Mr. DeVita stated that for low usage customers, the bill does not vary much until their usage goes above 2,000 cubic feet, which does not encourage water conservation and it will likely get worse in April when the Sunnyslope Water District area sewer charges go up further, as many customers watered landscaping in January and February due to lack of rainfall. Mr. DeVita asks if our community would not be better served with a rate structure that encourages conservation and suggests reconsidering the rate structure in light of the current conditions.

Upon motion made by Director Meraz, seconded by Director Johnson, and carried 4-0 (President Villalon absent), the Board adopted Resolution No. 531 declaring a water shortage emergency and implementing the District's water shortage contingency plans.

- 4. PUBLIC HEARING: CONSIDER ADOPTION OF ORDINANCE NO. __ INCREASING THE BOARD OF DIRECTORS COMPENSATION FOR ATTENDANCE AT MEETINGS AND FOR SERVICE RENDERED BY REQUEST OF THE BOARD AND APPROVAL OF AN UPDATE POLICY #7020:** General Manager/Secretary Ridenhour explained that the Board of Directors are currently compensated for their services to the District pursuant to Policy #7020, which references California Water Code Section 30507, and is \$100 per day for each days attendance at meetings of the Board, meetings of Committees to which Board members are appointed, and for each days service rendered as a Director by request of the Board, not exceeding 6 days in any calendar month. The current compensation was last amended on June 12, 1997 increasing from \$75 per day to \$100 per day.

Mr. Ridenhour stated that the attached Ordinance for consideration by the Board allows for up to \$180 per day of service and up to 10 days of compensation per month by Board members. Also attached is an updated Policy #7020 that will be revised to reflect any changes the Board adopts via the Ordinance and a list of various water and wastewater agencies and their Board's compensation for comparison.

General Manager/Secretary Ridenhour stated that a Public Notice regarding the proposed Ordinance was printed in the Hollister Freelance newspaper on February 28th and March 7th, 2014, as required. The Board discussed this agenda item briefly, Director Meraz inquired as to how long the publishing of the public notice was good for, and General Manager/Secretary Ridenhour responded that as long as the public hearing is continued, probably one meeting, the publishing would cover the Public Notice and action could be taken.

A motion was made by Director Clapham to adopt Ordinance No. __ increasing the Board of Directors compensation to \$180 per meeting, for a maximum of 6 meetings per month for service rendered by request of the Board, and approval of an update to Policy #7020. Hearing no second, Vice President Hill declared that the motion died for lack of a second.

5. CONSIDER APPROVAL OF THE FOLLOWING POLICIES:

- a. POLICY 8000: COMPUTER SECURITY & INFORMATION TECHNOLOGY POLICY:**
- b. POLICY 8050: BAD DEBT ALLOWANCE POLICY:**

Finance & Human Resource Manager Cathy Buck explained that as part of the audit of the District's financial statements, the audit firm, McGilloway, Ray, Brown & Kaufman, evaluates the existing internal control for the limited purpose of assisting them in the design of the procedures they perform during the audit, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. That said, they do look for areas where they feel we may have a deficiency or deficiencies in internal control and make recommendations for improvements.

Ms. Buck stated that during the audit for the fiscal year ended June 30, 2013, they made two such recommendations in their letter to the Finance Committee and Management dated December 31, 2013. In that letter, they recommended: 1) that we formalize a written information-technology policy documenting policies and procedures related to the approval of changes to computer applications, the database, and the operating system, and 2) that we formalize a written policy that outlines the determination of the bad debt allowance and documenting reasons for adjusting the allowance in subsequent years. Ms. Buck added that bad debt is already budgeted for in the District's budget.

Ms. Buck stated that staff has developed the two Policy outlines attached, Policy 8000 and Policy 8050. Both were reviewed and discussed with the Policy & Procedures Committee and updated with their recommendations. It is the Committee's recommendation the Board consider and approve the two policies.

Vice President Hill inquired about the current procedure for backing up the District's computer system and Ms. Buck responded that a network backup is done on a portable device which is rotated between two devices and stored in a fireproof safe; the MOM's software is backed up daily and kept in the fireproof safe as well as a monthly backup which is taken off site; and Quickbooks is backed up weekly and stored in a fireproof safe.

Upon motion made by Director Meraz , seconded by Director Johnson, and carried 4-0 (President Villalon absent), the Board approved Policy 8000: Computer Security & Information Techology; and Policy 8050: Bad Debt Allowance Policy.

6. CONSIDER AUTHORIZING BOARD MEMBERS AND GENERAL MANAGER TO ATTEND THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) CONFERENCE AND THE ACWA/JOINT POWERS INSURANCE AUTHORITY (JPIA) MEETING MAY 5 – 9, 2014 IN MONTEREY,

CALIFORNIA: General Manager/Secretary Ridenhour stated that the ACWA Spring Conference is being held in Monterey from May 5th through the 9th this year. On Monday, May 5th, the ACWA/JPIA has a day of meetings and activities including a Board Meeting that our representatives attend (due to our membership in the JPIA for our Workers' Compensation insurance). There is no fee to attend the JPIA's Board meeting. Mr. Ridenhour stated that Director Clapham and Director Johnson are our JPIA representatives.

Pre-registration ends April 10th for the full conference, and including the meal package costs \$695 per person. The total expenditure for attending the conference is approximately \$1,000 per person including registration, mileage reimbursement, and meals for the five days. Actual costs will be lower if Board members ride together and do not attend all five days. If hotel accommodations are required add \$233 per night per

person. The last day to make hotel reservations at the conference rate is April 14th and the last day to receive the early registration discount is April 10th.

General Manager/Secretary Ridenhour stated that the Board of Directors must approve any Director's participation when representing the District in any official capacity and for them to receive expense reimbursement for any eligible expenses under District policy.

After brief discussion, several of the Board of Directors showed interest in attending at least a couple of days of the conference, if not the full conference.

Upon motion made by Director Meraz, seconded by Director Johnson, and carried 4-0 (President Villalon absent), the Board authorized any interested Board Members and General Manager to attend the Association of California Water Agencies Conference and the ACWA/Joint Powers Insurance Authority meeting May 5-9, 2014 in Monterey California including lodging at the discretion of the Board member.

7. CONSIDER AUTHORIZING BOARD MEMBERS TO ATTEND THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 5 PROGRAM AND TOUR OF THE WATSONVILLE AREA WATER RECYCLING PROJECT IN WATSONVILLE, CALIFORNIA ON MARCH 23 & 24, 2014:

General Manager/Secretary Ridenhour informed the Board that ACWA Region 5 is holding a program and tour titled "Working Together in Dry Times" on Sunday March 23rd, and Monday March 24th. On Sunday, the group will tour the Watsonville Area Water Recycling Project, and on Monday, there is a program on the areas Integrated Regional Water Management efforts at the Best Western Seacliff Inn located in Aptos, California. Mr. Ridenhour stated the cost of registration is \$50 per person and the total expenditure for attending the program and tour is approximately \$133 per person including registration and mileage reimbursement. If hotel accommodations and dinner Sunday evening are needed, add an additional \$135 per person. General Manager/Secretary Ridenhour stated that the deadline for registration is March 18th.

General Manager/Secretary Ridenhour stated that the Board of Directors must approve any Director's participation when representing the District in any official capacity and for them to receive expense reimbursement for any eligible expenses under District policy. He would like to attend the tour only.

After brief discussion, Vice President Hill and Director Johnson expressed interest in attending the Region 5 program and tour of the Watsonville area water recycling project.

Upon motion made by Director Meraz, seconded by Director Johnson, and carried 4-0 (President Villalon absent), the Board authorized any interested Board members and the General Manager to attend the Association of California Water Agencies Region 5 Program and Tour of the Watsonville area water recycling project on March 23rd & 24th in Watsonville, California including lodging at the discretion of the Board member.

H. BOARD COMMITTEE and STATUS REPORTS

- 1. Governance Committee:** General Manager/Secretary Ridenhour reported no meeting held last month, next scheduled meeting is set for April 23rd.
- 2. Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported the committee met on February 28th and discussed Ridgemark II Wastewater Pond Property; Venture Estates (Harbern Way); Lessalt Water Treatment Plant & Pipeline Construction update; Drought Resolution; and ACWA conferences coming up.
- 3. Finance Committee:** Director Meraz reported the committee met on March 4th and

discussed the 7-month Budget Review update; and the possibility of purchasing a new folding/stuffing machine for the bills, due to the fact that a service agreement is no longer available on our current machine. Cathy Buck stated that two demonstrations for staff of the proposed replacement folding/stuffing machines are scheduled for this week.

4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported the committee met on February 18th and discussed the policies brought before the Board this evening on the computer security & information technology policy; and bad debt allowance policy. The next scheduled meeting is set for March 18th.
5. **Personnel Committee:** General Manager/Secretary Ridenhour reported no meeting held.
6. **Water Resources Association of San Benito County:** Director Johnson reported the committee met on March 6th and were provided an update on drought activities and other conservations issues; and toilet and washing machine rebates.
7. **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 prepared a narrative report on the District's Operations Summary (thru February 28, 2014), Statement of Income (thru January 31, 2014), and Investment Summary (thru February 28, 2014). Ms. Buck noted, on the Operations Summary, that year-to-date connection fees are thirty-five, the same total to-date as last year. Ms. Buck also noted that water sales revenue for February is down and may be in part to the water usage cut back for the purpose of determining the new sewer rate.

The District's Investment Summary report reflects the total cash balance as of February 28, 2014 of \$5,832,171.80, which includes eight-months earned interest totaling \$3,817.82. Cathy Buck reported that total cash and invested funds for February 28, 2014 is up \$220,764 over last month. She noted that the District received and deposited their one-half of the remaining cash to dissolve the Hollister-Sunnyslope Water Treatment Agency. Since that money was available, the District went ahead and paid Anderson Pacific the requested \$472,709.85 of retention held, which leaves \$10,000 of retention being held until completion of the punch list items. Ms. Buck stated that the final State Revolving Fund Disbursement request has been submitted for \$607,669 and the District has segregated \$740,000 of LAIF funds in the financial statements for the required reserve on the SRF loan (the equivalent to one annual payment on the loan, rounded up).

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending February 28, 2014, which reflects a cash balance total of \$38.95, and includes \$1,494.14 fiscal year-to-date (twelve month's) interest earned. The \$38.95 is the interested earned through the end of February and posted to the account after the balance in the checking account was equally disbursed to the City of Hollister and Sunnyslope County Water District. The additional amount of \$38.95 has since been disbursed equally to the two agencies.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Disbursement's for the period of February 5 to March 4, 2014, totaling \$1,122,007.26, which consists of the disbursement of funds to the City of Hollister and Sunnyslope County Water District to close the Hollister-Sunnyslope Water Treatment Agency checking account.

Cathy Buck stated there will no longer be reports for the Hollister-Sunnyslope Water

Treatment Agency's Investment Summary and Disbursement's as the agency has been dissolved and all cash has been disbursed.

Water/Wastewater Superintendent Jim Filice reviewed the February 2014 Maintenance Staff Report. He responded to a question from Director Meraz regarding the leak issue he became aware of that was posted on social media, Facebook, and Mr. Filice responded that an explanation will be appearing on next month's report since it took place in March.

During review of the Meter Reading Report for the period January 13, 2014 to February 12, 2014, Jim Filice noted the intertie meter data indicates the City received 41.0% of Lessalt water, while the District received 59.0%.

Jim Filice reviewed the groundwater level report and noted that the wells are holding steady.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported the West Hills WTP's Environmental Impact Report has been released for public review and comments, which are due by March 15th. Drought preparation public outreach materials have been prepared and went out in the February billing. The bill insert information (also in Spanish) is available on the District's website. The compensation survey draft is ready for staff review and a Personnel committee meeting will be set up to review soon. Our new Associate Engineer, Sean Knight, is in the process of getting quotes on the sewer manhole repairs. And, staff is continuing to meet with representatives on the Ridgemark Golf Course property. Director Johnson inquired about the issue with the Tiger Salamander at the West Hills plant and General Manager/Secretary Ridenhour responded that we should have an incidental take permit from California Fish and Wildlife by late summer.

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 the candidate filing deadline period for the Board terms that end in November 2014, is between July 14th and August 8th. County officials have stated they will have a website, www.sbc.vote.us, which should be accessible before July 14th.

J. FUTURE AGENDA ITEMS: Request for authorization to order two maintenance vehicles, and purchasing a folding/stuffing machine.

K. ADJOURNMENT: Upon motion made by Director Meraz, seconded by Director Johnson, and carried 4-0 (President Villalon absent) the meeting was adjourned at 6:42 p.m.

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

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