

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
October 11, 2012

- A. CALL TO ORDER:** The meeting was called to order at 4:30 p.m. by President Meraz, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Dave Meraz; Directors Dawn Anderson, Dave Clapham, Kathleen Hill, and Danny Villalon; and General Manager/Secretary Don Ridenhour.
- C. EXECUTIVE SESSION:** President Meraz moved the meeting to closed session pursuant to government code section 54957 to:
- 1. Receive, Review, and Discuss District Counsel Interviews and Next Steps in Negotiating a Contract for Legal Services.**
- D. CALL REGULAR MEETING TO ORDER:** The regular meeting was called to order at 5:15 p.m. by President Meraz.
- E. ROLL CALL: Present:** President Dave Meraz; Directors Dawn Anderson, Dave Clapham, Kathleen Hill, and Danny Villalon; General Manager/Secretary Don Ridenhour; Attorney Lloyd Lowrey; and Executive Assistant/Stenographer Carol Porteur.
- Staff present for Open Session:** District Engineer Ken Girouard, Finance & Human Resources Manager Cathy Buck, Water Superintendent Jim Filice.
- Others present:** John Johnson, Walter Norman, and students from San Benito High School.
- F. REPORT ACTION TAKEN IN CLOSED SESSION:** President Meraz reported that no action was taken and direction was given to the General Manager to meet with the Ad Hoc Committee to review and begin negotiations for providing legal services to the District.
- G. APPROVAL OF AGENDA:** Upon motion made by Director Anderson, seconded by Director Hill, and unanimously carried, the Agenda was approved as presented.
- H. 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.
- I. READING AND APPROVAL OF MINUTES:** Upon motion made by Director Anderson, seconded by Director Clapham, and carried 3-0-2 (President Meraz and Director Hill abstaining), the Board approved the minutes of the August 23, 2012 Special meeting. Upon motion made by Director Anderson, seconded by Director Clapham, and carried 4-0-1 (Director Villalon abstaining), the Board approved the minutes of the September 13, 2012 Regular meeting.
- J. OLD BUSINESS:** None.
- K. NEW BUSINSS:**
- 1. RECEIVE, REVIEW, DISCUSS, AND TAKE APPROPRIATE ACTION ON MODIFICATIONS TO THE REGULAR BOARD OF DIRECTORS MEETING**

DATE: General Manager/Secretary Ridenhour explained that at the September 13, 2012 Board meeting, the Board requested an item be placed on the next regular meeting agenda to discuss modifying the day of the week the Regular Board meeting is held each month. He stated that the second Wednesday of the month, at the same time of day was suggested as an alternative to the current schedule. From his research, the proposed change does not appear to conflict with other local agencies regular meeting schedules, such as the San Benito County Board of Supervisors, the County Planning Commission, the City of Hollister City Council, or the San Benito County Water District.

Director Anderson suggested that since John Johnson would be replacing her seat on the Board in December and was in the audience, that he be asked if changing the date to Wednesday would affect his schedule, to which Mr. Johnson replied that it would not.

Attorney Lowrey suggested that the Board vote to amend the District's policies and codes before actually voting on changing the day of the week that the meeting would be held.

Upon motion made by Director Clapham, seconded by Director Villalon, and unanimously carried 5-0, the Board tentatively approved modifying the regular meeting date from the second Thursday of the month to the second Wednesday of the month at 5:15 p.m. and directed staff to return to the Board in November with proposed modifications to the District's policies and code for the Board's formal approval of the Regular Meeting schedule change.

2. **RECEIVE, REVIEW, DISCUSS, AND TAKE APPROPRIATE ACTION ON RIDGEMARK WASTEWATER TREATMENT AND RECYCLED WATER IMPROVEMENTS PROJECT STATUS REPORT AND PROGRESS PAYMENT REQUEST BY ANDERSON PACIFIC FOR \$211,986.59:** Engineer Girouard summarized the progress made on the Ridgemark Wastewater Treatment and Recycled Water Improvements Project by Anderson Pacific from August 31, 2012 to September 30, 2012. He recommended approval of a progress payment, after retention of 5%, totaling \$211,986.59. Engineer Girouard noted that, in terms of cost expenditure to Anderson Pacific, this payment will bring completion of the project to approximately 71%.

Engineer Girouard reported that during the month of September the contractor tested the components of the Sequential Batch Reactor (SBR), which is the heart of the system, to insure their proper operation. He stated that the District's operations personnel have begun their initial training on the system. Mr. Girouard reported that the SBR unit began treatment of wastewater, and existing treatment ponds 1 and 2 were removed from wastewater treatment service. Pond 1 is still being used to treat sludge discharged from the SBR treatment process.

Engineer Girouard reported that the District received payment on disbursement request #12 for \$517,849 from State Revolving Fund (SRF) and request #13 for \$235,060 has been submitted for work done in September 2012.

Upon motion made by Director Clapham, seconded by Director Anderson, and unanimously carried 5-0, the Board approved payment to Anderson Pacific for invoice #108-15 for \$211,986.59.

L. BOARD AND STAFF COMMITTEE STATUS REPORTS:

1. **Governance Committee:** General Manager/Secretary Ridenhour reported that the committee met on September 19th. The committee received an update from HDR on the

Hollister Urban Area Water and Wastewater Master Plan (HUAWWMP), stating that the program schedule for the next twelve months was rolling. The interagency agreement is on their critical path list, with the bulk of the agreement complete and just cleaning up some of the language. The committee continues to work on the appendices, assignments, and financial planning.

Mr. Ridenhour reported that the committee received a report on the public outreach that was done by interviewing 18 customers and the main concerns are the cost and water quality. Director Villalon added that although the cost is a big factor, the customers are willing to pay as long as they receive high quality, reliable water.

General Manager/Secretary Ridenhour reported that the Lessalt upgrade design is 50% complete with the design on schedule for completion by the end of the year. Mr. Ridenhour also reported that Sunnyslope staff assisted with water quality and jar testing of San Justo water necessary for the design of the West Hills project and that significant overtime for staff will be charged to the Water Treatment agency for the month of September due to this testing and that expense will be allocated to both Sunnyslope County Water District and the City of Hollister.

Director Clapham stated that he would like for the Board to be updated on the HDR contract as to the tasks accomplished and the cost. Mr. Ridenhour commented that an amended contract for HDR may be coming.

General Manager/Secretary Ridenhour reported that the next scheduled Governance Committee meeting will be held on October 17th.

2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported that no meeting was held last month.
3. **Finance Committee:** President Meraz reported no meeting was held.
4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported no meeting occurred in September and the next meeting is scheduled for Tuesday, October 16th.
5. **Water Resources Association of San Benito County:** Director Anderson reported no meeting; the next meeting is scheduled for November 1st.
6. **Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** Engineer Girouard reported the Steve Kelley's position will be phasing out within this next week and Mr. Girouard will be spending additional time at the Wastewater Treatment Plant to coordinate with the operations staff.
7. **Lessalt Water Treatment Plant:** Director Villalon reported this was covered in the Governance Committee report.
8. **Water Related Projects:** No report.
9. **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:** The Board reviewed the September, 2012, District Operations Summary and the Statement of Income for August, 2012.

Cathy Buck reported on the District Operation Summary that water sales dropped off in September and that we collected 13 connection fees. Director Clapham requested that the Board receive a written staff report with the Operations Summary that would highlight, with bullet points, any note worthy changes for the current month. Ms. Buck stated that she would do that in the future.

Ms. Buck reported that there was nothing unusual on the August Statement of Income report. President Meraz noted that the Net Wastewater Income for August 2012 was \$23,000 higher than August 2011 and asked if there was a projection on the cost of repaying the State Revolving Fund loan when the rates were raised. Engineer Girouard stated that he and Ms. Buck could research the historical information of the design phase and determine the projection. General Manager/Secretary Ridenhour pointed out that once Raftelis Financial Consultants begin the development of water and sewer rates, we will be able to determine the allocation cost between water and wastewater and will better understand whether current sewer revenues are adequate to cover the State Revolving Fund loan debt payments.

Review of the District's Investment Summary report reflects the total cash balance as of September 30, 2012 is \$3,402,320.02, which includes three month's earned interest totaling \$1,082.09. Ms. Buck reported that the cash investment is trending consistent.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending September 30, 2012, which reflected the cash balance total of \$1,650,940.15, which includes \$3,455.21 fiscal year-to-date (seven month's) interest earned. Finance & Human Resource Manager Cathy Buck reported that the cash balance in the checking account is down due to prepaying the water contract with San Benito County Water District in August. Ms. Buck noted that the Certificate of Deposit accounts are also down due to paying the Kennedy/Jenks contracts out of these reserves.

The Board reviewed Hollister-Sunnyslope Water Treatment Agency's disbursement report, reflecting the September 12 to October 9, 2012 Disbursement Summary totaling \$105,755.02.

Jim Filice reviewed the September Maintenance Staff Report and answered questions from Board members about specific items in the report. Director Anderson inquired about item #9, the City of Hollister Building Department code that requires new homes with required sprinkler systems must also install a toilet at the end of each residential fire line to make it unnecessary to install backflow prevention devices at each water meter. Mr. Filice responded that it eliminates the need for tracking backflow prevention tests annually, and that it also keeps the water in fire lines from stagnating and turning bad.

Director Villalon inquired about item #10, the higher than normal overtime due to three of our operators working with HDR and Kruger to perform West Hills Water Treatment Plant jar testing of the San Justo Reservoir water. Mr. Filice responded that it is more cost effective to have our staff work the overtime for a short period with the consultants overseeing the testing than to pay the consultants to do all the work.

Director Villalon inquired about item #11, shutting down the Lessalt plant due to water quality issues from San Justo Reservoir, and Mr. Filice explained that San Luis Reservoir had a power outage so we were pulling water from San Justo Reservoir, which was of poor quality; therefore the plant was shut down.

Director's Villalon and Hill both inquired about item #13, placing an order for replacement filters for the Lessalt plant, and Mr. Filice responded that there was a delay

in shipping and we should be receiving them within the next month.

Director Villalon asked if things went smooth regarding item #15, the startup of the SBR plant and transition of operation to the District, and Mr. Filice responded that there have been a few hiccups, which required some overtime for himself, but once those got cleared up things went smooth.

Jim Filice pointed out to the Board item #23, on responding to a sanitary sewer overflow at the Ridgemark Estates Wastewater Treatment Plant I. The overflow was caused due to a wrong fitting being installed on the force main, which consequently blew off and caused the spillage. Staff oversaw the contractor repair of the fitting, cleaned up and disinfected the spill site, and although the spill was less than 1,000 gallons, it was reported to the State as required.

During review of the Meter Reading Report on interties and the water balance for the period August 15 to September 12, 2012, Jim Filice noted the intertie meter data indicates the City received 28.9% of Lessalt water, while the District received 71.1%. Since the water allocation year began in February 2012, the City has received 36.8% of Lessalt treated water and the District has received 63.2%. Mr. Filice explained that previously Sunnyslope billed the City of Hollister for wholesale water but as of fiscal year end, the City was unable to pay for the water so the 223,122,086 gallons that was originally billed is now being added back to the water balance owed to accurately track the water owed to the District by the City.

Jim Filice reviewed the groundwater level report and noted that well levels are continuing to trend downward due to the time of year.

10. Active Tasks Update: General Manager/Secretary Ridenhour reported that the Sunnyslope Board Room will be used for a polling place for the November 6th election. Mr. Ridenhour pointed out the Payroll Review task and explained that based on 52 weeks per year and 5 work days per week, there are 2080 working hours in a calendar year, which is what our employees' monthly pay is based on. In reviewing how payroll is calculated, and looking specifically at hourly employees, it was discovered that occasionally there may be 2088 working hours in a calendar year, causing our hourly employees to be underpaid that year. So, the District is going back two calendar years and is including the current calendar year to "true-up" the pay for actual hours worked and will be compensating employees in October 2012. Mr. Ridenhour also commented on the status of the agreement being negotiated for additional property at Well #8 with the Lompa family, and stated that it is a slow process working with the Lompa's attorneys. Director Clapham inquired about the Fairview Road Pipeline and working with the County of San Benito on this project. Engineer Girouard replied that the County has delayed the road improvements for 12-24 months, so the District will proceed as a standalone project with plans to bid the project in February or March of 2013.

M. ALLOWANCE OF CLAIMS: The Board reviewed the District's Disbursement Summary for the period September 12 through October 9, 2012. General Manager/Secretary Ridenhour reported on Director Anderson's inquiry last month about check #17659 in the amount of \$4,500 payable to Hansen & Co., stating the check was for an appraisal that was done on the Well #8 property. Director Meraz inquired about check #17803 for \$10,537.92 payable to ACWA/JPIA. Ms. Buck explained that it was for our Workers' Compensation insurance for the quarter ended September 30, 2012. She explained that we record the expense monthly, but that the JPIA only wants a quarterly report and payment.

Upon motion made by Director Clapham, seconded by Director Villalon, and unanimously

carried (5-0), the Board approved the disbursements totaling \$1,777,618.05, which includes: \$1,435,831.80 for employee compensation and accounts payable to vendors; \$338,739.81 to the City of Hollister for payments collected on their sewer billings; and \$3,046.44 for customer refunds and checks returned for insufficient funds. Last check written as of October 5, 2012 was check #17845.

Date	Num	Name	Amount
9/18/12	ACH 0367	EFTPS	-248.50
9/14/12	ACH 0368	RETURNED CHECK (Ret. Ck. 09-02)	-430.79
9/17/12	ACH 0369	RETURNED CHECK (Ret. Ck. 09-03)	-408.07
9/28/12	ACH 0370	EFTPS	-24,663.20
9/21/12	ACH 0371	RETURNED CHECK (Ret. Ck. 09-04)	-146.92
9/24/12	ACH 0372	RETURNED CHECK (Ret. Ck. 09-05)	-145.29
9/24/12	ACH 0373	RETURNED CHECK (Ret. Ck. 09-06)	-344.15
9/26/12	ACH 0374	RETURNED CHECK (Ret. Ck. 09-07)	-87.22
9/19/12	ACH 0375	RETURNED ACH (Ret. ACH 09-01)	-284.48
10/3/12	ACH 0376	Merchant Services	-496.73
9/14/12	DD 0655	Clapham, David G	-355.40
9/14/12	DD 0656	Meraz, David E	-186.70
9/14/12	DD 0657	Villalon, Daniel	-352.40
9/28/12	DD 0658	Alvarez, Abel	-4,078.22
9/28/12	DD 0659	Brill, Kelly L.	-4,708.88
9/28/12	DD 0660	Buck, Cathy L.	-6,732.73
9/28/12	DD 0661	Castro, Kevin G.	-4,437.23
9/28/12	DD 0662	Chavez, Jr., Manuel T.	-5,497.34
9/28/12	DD 0663	Eclarin, Ernesto P.	-4,337.37
9/28/12	DD 0664	Estrada, Thomas A.	-5,653.45
9/28/12	DD 0665	Filice, James L.	-8,282.73
9/28/12	DD 0666	Girouard, Kenneth R.	-6,630.89
9/28/12	DD 0667	Hagins, Patrick M.	-4,896.58
9/28/12	DD 0668	Imperatrice, Patrick L.	-6,324.67
9/28/12	DD 0669	Jackson, Patrick W.	-7,204.97
9/28/12	DD 0670	Malko, Kim A.	-2,440.53
9/28/12	DD 0671	Norman, Ill, Walter R.	-5,667.36
9/28/12	DD 0672	Padilla, David	-5,765.87
9/28/12	DD 0673	Porteur, Carol A.	-3,839.72
9/28/12	DD 0674	Ridenhour, Donald G	-9,716.41
9/28/12	DD 0675	Watson, Scott A.	-6,069.93
9/28/12	DD 0676	Zavala, Anabel G.	-4,085.23
9/28/12	DD 0677	Jackson, Norma	-320.43
9/14/12	17758	Anderson, Dawn V	-283.05
9/14/12	17759	Hill, Kathleen A	-188.70
9/17/12	17760	ALTISOURCE SOLUTIONS, INC	-34.88
9/17/12	17761	AWARD HOMES	-58.29
9/17/12	17762	TRAVIS DAY & KRISTINA SHIELDS	-22.21
9/17/12	17763	MONIQUE DURAN	-51.61
9/17/12	17764	ROBERT PERRY & TAMMY REY	-180.97
9/17/12	17765	PLACER TITLE COMPANY	-268.43
9/17/12	17766	A-1 Services	-373.00
9/17/12	17767	All Star Ready Mix, LLC	-171.40
9/17/12	17768	Anderson Pacific Engineering Constr, Inc.	-552,171.64
9/17/12	17769	B.W.S. Distributors, Inc.	-163.24
9/17/12	17770	Bianchi Kasavan & Pope, LLP	-1,107.00
9/17/12	17771	Brigantino Irrigation	-10.83
9/17/12	17772	Calcon System, Inc.	-12,898.97
9/17/12	17773	City of Hollister-Finance Dept	-338,739.81
9/17/12	17774	Don Chapin Co. Inc., The	-15.00
9/17/12	17775	EBCO Pest Control	-55.00
9/17/12	17776	Everbank Commercial Finance, Inc.	-226.35
9/17/12	17777	First Trust Alarm Company	-290.00
9/17/12	17778	Hollister-Sunnyslope W. T. A.	-43,050.92
9/17/12	17779	John Smith Landfill	-18.72

Date	Num	Name	Amount
9/17/12	17780	Kennedy/Jenks Consultants	-340.54
9/17/12	17781	P G & E	-552.35
9/17/12	17782	Santa Barbara Bank - \$1M Loan Pmts	-42,548.63
9/17/12	17783	Union Bank of California, N.A. (SF)	-231,044.16
9/17/12	17784	USA BlueBook	-124.05
9/24/12	17785	B.W.S. Distributors, Inc.	-131.55
9/24/12	17786	CM Analytical, Inc.	-3,020.00
9/24/12	17787	Hach Company	-931.03
9/24/12	17788	J L Wingert Co.	-140.68
9/24/12	17789	National Meter & Automation, Inc.	-173.25
9/24/12	17790	RMC Water and Environment	-9,076.98
9/24/12	17791	San Benito County Water District	-233,537.71
9/24/12	17792	True Value Hardware	-64.92
9/28/12	17793	Employment Dev. Dept. (EDD) DE88 Pmts.	-9,603.90
9/28/12	17794	CalPERS - Retirement	-2,264.48
9/28/12	17795	Nationwide Retirements Solutions	-14,140.97
9/28/12	17796	United Way of Santa Cruz	-90.00
9/28/12	17797	BAC (Beneficial Administration Company)	-302.32
9/28/12	17798	CalPERS - Health Insurance	-12,061.12
9/28/12	17799	CalPERS - Retirement	-40,721.91
9/28/12	17800	Fort Dearborn Life Insurance Co.	-285.00
9/28/12	17801	Premier Access Insurance Co.	-3,147.64
9/24/12	17802	Postmaster	-241.60
9/28/12	17803	ACWA/JPIA	-10,537.92
9/26/12	17804	National Meter & Automation, Inc.	-4,416.60
9/26/12	17805	Postmaster	-1,776.71
10/1/12	17806	ALAN/STEPHANIE BECKWITH	-58.10
10/1/12	17807	ERIK & ANA CABALLERO	-51.26
10/1/12	17808	JAMES EHRET	-8.00
10/1/12	17809	GAY KELSO	-53.38
10/1/12	17810	STANLEY KOCH	-17.57
10/1/12	17811	YOLANDA ORDUNEZ	-46.24
10/1/12	17812	REAL TIME REALTY INC	-5.24
10/1/12	17813	ROBINSON & MORETTI	-135.93
10/1/12	17814	PLACER TITLE COMPANY	-207.41
10/2/12	17815	AT&T	-467.95
10/2/12	17816	Everbank Commercial Finance, Inc.	-224.08
10/2/12	17817	Hollister-Sunnyslope W. T. A.	-1,903.75
10/2/12	17818	Itron, Inc.	-828.31
10/2/12	17819	Kelly, Stephen F.	-13,268.08
10/2/12	17820	McGilloway, Ray, Brown & Kaufman	-1,450.00
10/2/12	17821	Mid Valley Supply	-144.54
10/2/12	17822	Noland Hamerly Etienne & Hoss	-2,402.50
10/2/12	17823	O'Reilly Auto Parts	-31.81
10/2/12	17824	Palace Art & Office Supply	-1,155.12
10/2/12	17825	Petty Cash	-8.09
10/2/12	17826	Power Equipment Co.	-8.00
10/2/12	17827	Razzolink.com	-99.95
10/2/12	17828	San Benito Tire, Inc.	-15.00
10/2/12	17829	Toro Petroleum Corp.	-1,952.57
10/2/12	17830	Verizon Wireless	-384.50
10/5/12	17831	Ace Hardware (Johnson Lumber Co.)	-421.83
10/5/12	17832	Auto Tech Service Center, Inc.	-49.79
10/5/12	17833	B.W.S. Distributors, Inc.	-100.79
10/5/12	17834	Corix Water Products	-90.84
10/5/12	17835	Hach Company	-609.35
10/5/12	17836	Mission Uniform Service	-644.10
10/5/12	17837	P G & E	-33,682.37
10/5/12	17838	Recology San Benito County	-121.98
10/5/12	17839	San Benito County Water District	-448.50
10/5/12	17840	South Valley Internet, Inc.	-17.95
10/5/12	17841	Staples Advantage	-51.18
10/5/12	17842	U.S. Bank Corporate Payment Systems	-145.50
10/5/12	17843	Underground Service Alert	-123.00

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
10/5/12	17844	Mark Nicholson, Inc.	-4,790.00
10/5/12	17845	Calif. Dept. of Public Health	-4,897.06
Total Disbursements			<u>-1,777,618.05</u>

N. STAFF REPORTS:

- 1. Directors:** Director Villalon reported that he and General Manager/Secretary Ridenhour representing Sunnyslope County Water District, and President Meraz representing San Benito County Water District, have started their monthly classes with Leadership San Benito County Class of 2013; October 19th will be their next class.
- 2. District Counsel:** Attorney Lowrey reported that the adoption of AB340, regarding California public employees retirement system, will begin impacting new hire's at the district and will require some changes to the retirement policy beginning in January 2013.
- 3. District Engineer:** No report.
- 4. Finance-HR Manager:** Cathy Buck reported that the auditors have been at the District office doing their field work this week and were here a couple of weeks ago doing their interim testing of receipts and disbursements. Ms. Buck stated that the auditors were pleased with the condition of the records.

Ms. Buck reported that she has received the paperwork from Santa Barbara Bank and Trust for the credit line, which she and General Manager/Secretary Ridenhour are reviewing. Once the review is complete, they will then get the required signatures and submit to the bank.

Ms. Buck also reported that staff from State Revolving Fund met with Sunnyslope staff and took a tour the Ridgemark Water and Wastewater Treatment Plant, and reviewed financial reports. Ms. Buck is pleased to now have direct contacts for SRF after meeting with them at the District office.

- 5. General Manager:** No Report.

- O. FUTURE AGENDA ITEMS:** Future agenda items include: Cost and accomplished task report on HDR master plan project; staff report added to Operation Summary; District policy & code changes for changing the Board meeting date.

The next regular meeting is scheduled to be held at 5:15 p.m. on Thursday, November 8, 2012.

- P. ADJOURN:** Upon motion made by Director Clapham, seconded by Director Anderson, and unanimously carried (5-0), the meeting was adjourned at 6:23 p.m.

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

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