

**MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
October 17, 2017**

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Johnson, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Judi Johnson; Directors; Mike Alcorn, Robert J. Rodriguez II, Ann Ross, and Honor Spencer.
- C. PLEDGE OF ALLEGIANCE:** General Manager/Secretary Ridenhour led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Rodriguez, seconded by Director Alcorn, and carried 5-0, the agenda was approved as presented.
- E. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS:** The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. There were no comments.

Staff present for Open Session: General Manager/Secretary Don Ridenhour, Attorney Heidi Quinn, Executive Assistant/Stenographer Carol Porteur, 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 September 19, 2017.
2. Allowance of Claims– to ratify disbursements for the period from September 12, 2017 through October 9, 2017, totaling \$5,746,189.26, which includes \$389,618.13 for payments to vendors and employees, \$5,000,000.00 for cash transfers, \$354,137.82 paid to the City of Hollister for amounts collected from their customer’s for City sewer billings net of our fees, and \$2,433.31 for customer refunds and deductions for customer checks returned for insufficient funds. The last check written on the Union Bank checking account as of October 2, 2017 was check #23487, and on the new Heritage Bank of Commerce checking account as of October 9, 2017 was check #25038 (with checks starting at #25000).

Date	Number	Name	Amount
<i>Union Bank Disbursements</i>			
09/15/17	ACH 1004	EFTPS	-158.70
09/14/17	ACH 1005	Merchant Services	-12.00
09/18/17	ACH 1006	RETURNED ACH (ACH Ret. 09-01)	-221.52
09/18/17	ACH 1007	RETURNED ACH (ACH Ret. 09-02 thru 09-07)	-1,365.45
09/19/17	ACH 1008	RETURNED ACH (ACH Ret. 09-08)	-139.13
09/29/17	ACH 1009	EFTPS	-28,093.30
09/29/17	ACH 1010	Employment Dev. Dept. (EDD) DE88 Pmts.	-10,398.18
09/29/17	ACH 1011	CalPERS - Retirement	-1,036.00
09/29/17	ACH 1012	CalPERS - Retirement	-1,949.48
09/29/17	ACH 1013	CalPERS - Retirement	-26,433.70
09/29/17	ACH 1014	CalPERS - Health Insurance	-15,334.62
09/25/17	ACH 1015	Union Bank of California, N.A. (SF)	-591.58
10/02/17	ACH 1016	LAIF	-1,000,000.00
10/03/17	ACH 1018	Merchant Services	-50.16
09/15/17	DD 2032	Alcorn, Michael H.	-184.70
09/15/17	DD 2033	Johnson, Judi H.	-92.35
09/15/17	DD 2034	Rodriguez, II, Robert J.	-184.70
09/15/17	DD 2035	Ross, Ann C.	-348.40
09/29/17	DD 2036	Alvarez, Abel	-6,078.52
09/29/17	DD 2037	Boltz, William K	-6,162.81
09/29/17	DD 2038	Brill, Kelly L.	-4,651.85
09/29/17	DD 2039	Buck, Cathy L.	-6,626.40
09/29/17	DD 2040	Burbank, Jr., Dee J.	-4,271.43
09/29/17	DD 2041	Castro, Kevin G.	-5,232.74
09/29/17	DD 2042	Chavez, Jr., Manuel T.	-6,949.10
09/29/17	DD 2043	Eclarin, Ernesto P.	-5,500.54
09/29/17	DD 2044	Filice, James L.	-7,114.33
09/29/17	DD 2045	Hagins, Patrick M.	-29.32
09/29/17	DD 2046	Hernandez, Bazilio	-5,007.05
09/29/17	DD 2047	Hillebrecht, Robert B.	-4,029.64
09/29/17	DD 2048	Jackson, Patrick W.	-5,607.59
09/29/17	DD 2049	Malko, Kim A.	-3,445.52
09/29/17	DD 2050	Norman, III, Walter R.	-4,943.24
09/29/17	DD 2051	Padilla, David	-5,887.61
09/29/17	DD 2052	Porteur, Carol A.	-4,255.40
09/29/17	DD 2053	Quick, Troy E.	-4,861.43
09/29/17	DD 2054	Ridenhour, Donald G.	-10,346.85
09/29/17	DD 2055	Sanchez, Ricardo A.	-4,512.03
09/29/17	DD 2056	Watson, Scott A.	-6,172.15
09/29/17	DD 2057	Zavala, Anabel G.	-4,736.03
09/11/17	23444	Elizabeth Gamez	-200.00
09/12/17	23445	Monterey Bay Water Works Assoc. (MBWWA)	-245.00
09/18/17	23446	Quick, Troy E.	-150.00

Date	Number	Name	Amount
09/18/17	23447	WILLIS DOOLING	-326.50
09/18/17	23448	BABETTE L MARTIN	-173.40
09/18/17	23449	BARRY & CINDY NELSON	-53.88
09/18/17	23450	S EPPARD & RAYMOND SMITH	-83.34
09/18/17	23451	A-1 Services	-403.00
09/18/17	23452	Bracewell Engineering, Inc.	-126.00
09/18/17	23453	Brenntag Pacific, Inc.	-5,945.07
09/18/17	23454	Calgon Carbon Corporation	-41,257.88
09/18/17	23455	City of Hollister-Finance Dept	-354,137.82
09/18/17	23456	CWEA Membership- TCP	-180.00
09/18/17	23457	De Lay & Laredo	-2,100.00
09/18/17	23458	EBCO Pest Control	-60.00
09/18/17	23459	Edges Electrical Group, LLC	-179.74
09/18/17	23460	John Smith Road Landfill	-87.00
09/18/17	23461	MBS Business Systems	-959.21
09/18/17	23462	Quinn Company	-6,343.44
09/18/17	23463	Radio Shack (Crystal T.V.)	-32.45
09/18/17	23464	San Benito County Water District	-420.00
09/18/17	23465	Shape, Inc.	-4,650.17
09/18/17	23466	U.S. Bank Corporate Payment Systems	-3,899.81
09/25/17	23467	Muller Construction Supply, Inc.	-106.71
09/25/17	23468	Postmaster	-202.74
09/25/17	23469	Auto Tech Service Center, Inc.	-63.38
09/25/17	23470	First Trust Alarm Company	-431.00
09/25/17	23471	Grainger, Inc.	-907.90
09/25/17	23472	Hach Company	-258.25
09/25/17	23473	Konica Minolta Premier Finance	-412.91
09/25/17	23474	McGilloway, Ray, Brown & Kaufman	-1,840.00
09/25/17	23475	North Bay Pensions, LLC	-2,000.00
09/25/17	23476	Pinnacle Agriculture	-750.00
09/25/17	23477	Toro Petroleum Corp.	-1,739.02
09/29/17	23478	Nationwide Retirements Solutions	-20,531.19
09/29/17	23479	United Way of Santa Cruz	-126.00
09/29/17	23480	Dearborn National Life Insurance Company	-352.00
09/29/17	23481	HealthSmart Benefit Solutions, Inc. (VSP)	-302.24
09/29/17	23482	Premier Access Insurance Co.	-2,989.92
09/29/17	23483	Postmaster	-1,947.25
09/28/17	23484	Round Table Pizza	-40.00
10/02/17	23485	VOID	0.00
10/02/17	23486	VOID	0.00
10/02/17	23487	Heritage Bank of Commerce	-4,000,000.00
<i>Heritage Bank Disbursements</i>			
10/03/17	ACH 1017	Merchant Services	-2,014.52
10/02/17	25000	Ace Hardware (Johnson Lumber Co.)	-364.13
10/02/17	25001	AT&T	-301.30

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
10/02/17	25002	Bartel Associates, LLC	-1,200.00
10/02/17	25003	Brenntag Pacific, Inc.	-2,982.97
10/02/17	25004	Brigantino Irrigation	-835.34
10/02/17	25005	Central Ag Supply LLC	-302.69
10/02/17	25006	CM Analytical, Inc.	-5,346.25
10/02/17	25007	Corix Water Products	-571.76
10/02/17	25008	Cullinan Appraisal & Realty	-3,500.00
10/02/17	25009	Edges Electrical Group, LLC	-233.36
10/02/17	25010	Itron, Inc.	-1,114.17
10/02/17	25011	Maggiora Bros. Drilling, Inc.	-785.07
10/02/17	25012	Mc Master-Carr	-612.36
10/02/17	25013	Mission Uniform Service	-951.79
10/02/17	25014	Palace Business Solutions	-893.07
10/02/17	25015	Razzolink.com	-132.90
10/02/17	25016	Staples Advantage	-349.42
10/02/17	25017	Verizon Wireless	-395.72
10/02/17	25018	Villalon CPR	-1,575.00
10/09/17	25019	MARIA DE LA LUZ MAARQUECHO	-19.00
10/09/17	25020	CHRISTOPHER & KELLY BARNES	-51.09
10/09/17	25021	Ace Hardware (Johnson Lumber Co.)	-57.76
10/09/17	25022	ACWA/JPIA	-12,655.80
10/09/17	25023	AT&T	-522.72
10/09/17	25024	Brigantino Irrigation	-297.69
10/09/17	25025	Central Ag Supply LLC	-1,213.44
10/09/17	25026	City of Hollister-Finance Dept	-26.00
10/09/17	25027	Corix Water Products	-692.22
10/09/17	25028	Credit Consulting Services, Inc.	-14.00
10/09/17	25029	First Trust Alarm Company	-366.00
10/09/17	25030	John Smith Road Landfill	-385.94
10/09/17	25031	Northern Tool & Equipment Co.	-835.25
10/09/17	25032	P G & E	-39,701.82
10/09/17	25033	Postmaster	-27.20
10/09/17	25034	Radio Shack (Crystal T.V.)	-24.35
10/09/17	25035	Recology San Benito County	-128.51
10/09/17	25036	South Valley Internet, Inc.	-20.45
10/09/17	25037	U.S. Bank Corporate Payment Systems	-3,270.63
10/09/17	25038	Wright Bros. Welding & Sheet Metal, Inc.	-1,387.80
Total Disbursements			<u>-5,746,189.26</u>

President Johnson commented that CalPERS and Employment Development Department are now requiring retirement funds and payroll taxes be paid electronically.

Director Alcorn questioned check #23487 in the amount of \$4,000,000 payable to Heritage Bank of Commerce, asking if that is a required minimum amount and General Manager/Secretary Ridenhour responded that it is not, the \$4,000,000 was the District's opening deposit to open the new checking account.

3. Consider Authorization of an Expenditure with GE Analytical Instruments, Inc. for the Maintenance of Total Organic Carbon Analyzers at the West Hills and Lessalt Water Treatment Plants for an Amount Not to Exceed \$11,200.

Upon motion made by Director Ross, seconded by Director Alcorn, and carried 5-0, the consent agenda was approved as presented.

G. NEW BUSINESS:

President Johnson moved agenda item G-2 to the first item discussed:

2. **CONSIDER AUTHORIZING THE GENERAL MANAGER TO PURCHASE 606 REPLACEMENT WATER METERS FOR A TOTAL COST OF APPROXIMATELY \$180,000. (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour explained that the District continues to replace water meters that are reaching the end of their service life and set new 1" water meters within new development projects. The District's inventory of meters is nearly depleted, and more inventory is needed to keep up with new development demand and aging meter replacements. Staff is requesting authority to purchase three-hundred (300) – 5/8"- 3/4" meters, three-hundred (300) - 1" meters, three (3) – 1-1/2" meters, and three (3) – 2" meters.

The purchase of the meters is anticipated in the capital budget presented to the Board with the operations budget earlier this year for fiscal year 2017/2018. Meters set for new development will be offset by meter set fees.

Upon motion made by Director Rodriguez, seconded by Director Spencer, and carried 5-0, the Board authorized the General Manager to purchase 606 replacement water meters for a total cost of approximately \$180,000.

1. **RECEIVE AUDIT REPORT/PRESENTATION BY PATRICIA KAUFMAN, CPA/PARTNER, WITH MCGILLOWAY, RAY, BROWN & KAUFMAN ON JUNE 30, 2017 AUDIT. (Not a project under CEQA per Article 20, Section 15378):** Finance Manager Cathy Buck introduced Patricia Kaufman, CPA/Partner, with McGilloway, Ray, Brown, & Kaufman. Ms. Kaufman began her presentation by stating that the District received an unmodified audit opinion, which is the highest level and the

best opinion one can receive, and noted that it deserves acknowledgement and praise to the District's management.

Ms. Kaufman congratulated staff for the great audit with no material deficiencies in the management letter, and nothing in the prior year management letter, as well as commending Cathy Buck for a job well done in preparing the Statement of Cash Flows.

While reviewing the Statement of Net Position, Ms. Kaufman pointed out that the current liabilities were higher in the prior year mainly due to accrual of \$1.65M CalPERS side fund payment. There was much discussion amongst the Board in the current status with CalPERS and what it may mean for the District in the future.

Patricia Kaufman stated that the sensitive financial statement disclosure is of pension plan in Note 11 the note was developed with the CalPERS GASB Statement No. 68, Accounting Valuation Report, with the measurement date of June 30, 2016; there were no difficulties encountered in performing the audit; no auditor adjusting journal entries were needed; and there were no disagreements with management.

Upon motion made by Director Spencer, the Board accepted the June 30, 2017 financial statements for Sunnyslope County Water District audited by the accounting firm, McGilloway, Ray, Brown & Kaufman.

3. **CONSIDER AUTHORIZING BOARD MEMBERS TO ATTEND THE ASSOCIATION OF CALIFORNIA WATER AGENCIES CONFERENCE (ACWA) AND THE ACWA/JOINT POWERS INSURANCE AUTHORITY (JPIA) MEETING NOVEMBER 27 THROUGH DECEMBER 1, 2017 IN ANAHEIM, CALIFORNIA. (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour stated that the ACWA Fall Conference is being held in Anaheim from November 28th through December 1st this year. On Monday, November 27th, the ACWA/JPIA has a day of meetings and activities including a Board Meeting that our representative sometimes attend (due to our membership in the JPIA for our Workers' Compensation insurance program). There is no fee to attend the JPIA's Board meeting. Director's Johnson and Alcorn are our JPIA representatives.

Pre-registration before November 1st for the full conference including meals most days is \$699 per person. The total expenditure for attending the conference is approximately \$2,950 per person including registration, air and ground travel, hotel accommodations, meals, and Director attendance fees for five days. Costs will be less per person if an attendee does not attend all the days of the conference and attendees share travel to and from the airport.

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 Board discussion about attending the fall conference, the Board agreed that it would be best to attend the local conference in the spring.

H. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** No meeting.
2. **Water/Wastewater Committee:** No meeting.
3. **Finance Committee:** No meeting.
4. **Policy and Procedure Committee:** No meeting.
5. **Personnel Committee:** General Manager/Secretary Ridenhour reported that the committee met on October 16th to discuss proposed revisions to the Billing Clerk/Receptionist position job description, the current and proposed salary range, and the need to fill the position. Mr. Ridenhour stated that he will bring filling the position to the Board at the November meeting for consideration.

The Committee also discussed timeline for employee negotiations for fiscal year 2018/2019.

6. **Water Resources Association of San Benito County (WRA):** President Johnson reported that the next meeting is scheduled for November 2nd.
7. **Operation Summary, Statement of Income, Investment Summary, Maintenance, City Meter Reading, and Groundwater Level Measurement Reports:** Finance and Human Resource Manager Cathy Buck reported that she has prepared her monthly written narrative report on the Operations Summary (thru September 30, 2017), Statement of Income (thru August 31, 2017), and Investment Summary (thru September 30, 2017).

Ms. Buck reported that we received twenty-eight (28) water capacity fees in September 2017, bringing the total to fifty-two (52) water capacity fees received this fiscal year, compared to nine (9) water capacity fees received in September 2016, and a total of thirty-nine (39) water capacity fees received last fiscal year. This is 33.3% greater than last year in a three month time span.

She reported that our new deposit policy is still driving the increase in customers signing up for our free “in-house and other Automatic Payment services. The number of customers signed up for Automatic Payment services has grown to 1,949 customers in September 2017, which is up 10 customers compared to last month, and represents 33.4% of our customers, and which is up 294 customers over September 2016, a 17.8% increase.

Water sales revenue for September 2017, is down \$40,482 (or -6.7%) compared to last month, and is up \$95,683 (or 20.6%) compared to September 2016. This fiscal year’s total water revenue for three months is \$1,822,000 compared to \$1,491,448 last fiscal year, which represents an increase of \$330,552 (or 22.2%) in water sales revenue year over year. Ms. Buck stated the revenue increase is primarily due to the rate increase which took effect in December of 2016. President Johnson asked when the next increase will be and Ms. Buck replied that it will be December 21, 2017.

The District’s Investment Summary report reflects the total cash balance as of September 30, 2017 of \$10,868,234.68, which includes posted interest totaling \$11,195.93 (three months interest on the CDs, and interest on the LAIF investment that posted in July). Ms. Buck reported that on October 2nd, \$1M was transferred from our Union Bank checking account to our LAIF investment account, and a \$4M check drawn on Union Bank was deposited into Heritage Bank of Commerce to open our new checking account. Ms. Buck added that the transition is going smoothly and she expects to be able to close the Union Bank checking at the end of the week.

Water/Wastewater Superintendent Jim Filice reported on the September 30, 2017 Maintenance Staff Report, and asked the Board if there were any questions and President Johnson inquired about a few that coincide with each other for Lessalt and West Hills Water Treatment Plants, which Mr. Filice fully explained.

In review of the Meter Reading Report for the period of August 16, 2017 to September 14, 2017, the intertie meter data indicates the City received 14.1% of Lessalt Water Treatment Plant water, while the District received 85.9%. Mr. Filice explained that City of Hollister Well 5 and Well 4, Surface Water Total Flow have been added the report. The two new locations added are where the water enters the City of Hollister distribution system from the new West Hills Water Treatment Plant.

Water/Wastewater Superintendent Jim Filice reported on the groundwater level report stating that the levels are holding steady.

8. **Active Tasks Update:** General Manager/Secretary Ridenhour added Well #5 to his report, and stated that the Boron levels have reached 1mg per liter, which regulations require be reported to the Board. No other action is needed on this.

The California Waterfix issue has been temporarily suspended by the Bureau of Reclamation, which ended its push for formal support by water agencies of the Delta bypass tunnels project. Staff will wait to hear from San Benito County Water District staff about any joint meeting to discuss support in the future.

The District completed CPR/First Aid training for all the District staff on September 27th & 28th, which is required every two years.

General Manager/Secretary Ridenhour stated that a design of the Cross Town Pipeline is underway for the easements through the High School and have been agreed to by staff and will be brought to the Board for consideration at a future meeting. The design is being coordinated with the County's bypass road.

Staff have been operating the West Hills Water Treatment Plant (WHWTP) 24 hours a day and 7 days a week. Staff is continuing to work out the bugs and has needed to call the contractor on a few issues. A public open house at the Plant is scheduled for Saturday, November 4th, staff to arrive at 9am and then open to the public at 10am. A revised permit has been submitted to the State requesting authorization to receive WHWTP water through the District's interties from the City of Hollister.

Mr. Ridenhour reported that the LAFCO position on sewer service is still unresolved and additional developments are requesting exemptions to obtain sewer service outside the City's sphere of influence (Fairview Corners). The Fay/Bennet development was just approved on October 12th.

A revised lease for the Verizon Antenna Site was prepared and reviewed by the District's legal counsel and has been forwarded to Verizon. Rent and improvement terms in the agreement have been significantly revised from the January 2016 version.

I. BOARD and STAFF REPORTS

1. **Directors:** President Johnson reported that California's first-ever Water Professionals Appreciation Week launched October 7th which is part of an annual designation intended to highlight the important role of water industry professionals and local public water agencies in ensuring safe and reliable water, wastewater, and recycled water in California. President Johnson thanked staff and Board members for their continued participation in this effort.

2. **District Counsel:** No report.
3. **Finance and Human Resource Manager:** No report.
4. **Assistant Engineer:** Rob Hillebrecht reported that new development is going well and progressing.
5. **General Manager:** Mr. Ridenhour reported that he will be looking into on-line training for the Board members needing to take their sexual harassment training. He asked the Board if there would be any conflict for the November 21st Board meeting since it is so close to Thanksgiving and the response was that there is no problem to proceed with that date. Mr. Ridenhour also reported that he will be going on vacation from October 19 through November 6th. If all goes well, he will be back in time for the open house at the West Hills Water Treatment Plant.

J. FUTURE AGENDA ITEMS: The following agenda items will be brought to future meetings: Standing Committee Update; and staffing needs for the front office.

K. ADJOURNMENT: President Johnson adjourned the meeting at 6:39 p.m.

APPROVED BY THE BOARD: *s/ Judi H. Johnson*
Judi H. Johnson, President

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