

**MINUTES**  
**BOARD OF DIRECTORS**  
**SUNNYSLOPE COUNTY WATER DISTRICT**  
**Regular Meeting**  
**September 16, 2014**

- A. CALL TO ORDER:** The meeting was called to order at 4:15 p.m. by President Villalon, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Danny Villalon; Directors Dave Clapham, Kathleen Hill, John M. Johnson, and Dave Meraz.
- C. PUBLIC COMMENT ON CLOSED SESSION MATTERS:** None.
- D. CLOSED SESSION (Pursuant to Government Code Section 54957):** At 4:16 p.m. President Villalon closed the meeting to the public so the Board could discuss the following:
1. Labor Contract with labor negotiators: Dave Meraz & Dave Clapham.
  2. Ridgemark II Pond Property with negotiator: Don Ridenhour.
- President Villalon reconvened the meeting to open session at 5:15 p.m.
- E. PLEDGE OF ALLEGIANCE:** Director Clapham led Directors, staff, and public in the Pledge of Allegiance.
- F. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:**
1. Labor Contract – President Villalon reported that direction was given to staff, and no reportable action was taken.
  2. Ridgemark II Pond Property – President Villalon reported that direction was given to staff, and no reportable action was taken.
- G. APPROVAL OF AGENDA:** Upon motion made by Director Meraz, seconded by Director Hill, and carried 5-0, 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.

**Staff present for Open Session:** General Manager/Secretary Don Ridenhour; Attorney Heidi Quinn; Water/Wastewater Superintendent Jim Filice, and Finance and Human Resource Manager/Stenographer Cathy Buck.

**Others present:** Students from San Benito High School.

**I. CONSENT AGENDA:**

1. Approval of Minutes – for the Special Meeting of August 12, 2014 and the Regular Meeting of August 13, 2014.
2. Allowance of Claims – Ratify disbursements for the period August 5, 2014 through September 9, 2014 totaling \$1,475,433.94, which includes \$1,138,386.57 paid to vendors and for employee compensation, \$335,145.63 paid to the City of Hollister for payments collected on their customer's sewer billings net of our fees, and \$1,901.74, for customer

refunds and deductions for checks returned for insufficient funds. The last check written as of September 9, 2014 was check #20053. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
08/15/14	ACH 0627	EFTPS	-394.40
08/08/14	ACH 0628	RETURNED CHECK (Ck. Ret 08-01)	-400.00
08/08/14	ACH 0629	RETURNED CHECK (Ck. Ret 08-02)	-200.00
08/12/14	ACH 0630	RETURNED CHECK (Ck. Ret 08-03)	-114.14
08/21/14	ACH 0631	EFTPS (Thomas Estrada-final P/R)	-686.50
08/29/14	ACH 0632	EFTPS	-19,683.06
08/13/14	ACH 0633	RETURNED CHECK (Ck. Ret 08-04)	-167.32
08/22/14	ACH 0634	RETURNED CHECK (Ck. Ret 08-05)	-176.08
09/03/14	ACH 0635	Merchant Services	-862.60
09/04/14	ACH 0636	RETURNED CHECK (Ck. Ret 09-01)	-181.54
09/09/14	ACH 0638	EFTPS (Sean Knight-final P/R)	-468.14
08/15/14	DD 1176	Clapham, David G	-348.40
08/15/14	DD 1177	Johnson, John M	-266.05
08/15/14	DD 1178	Meraz, David E	-348.40
08/15/14	DD 1179	Villalon, Daniel	-252.05
08/29/14	DD 1180	Alvarez, Abel	-5,028.71
08/29/14	DD 1181	Brill, Kelly L.	-4,892.78
08/29/14	DD 1182	Buck, Cathy L.	-6,527.45
08/29/14	DD 1183	Castro, Kevin G.	-5,368.83
08/29/14	DD 1184	Chavez, Jr., Manuel T.	-6,046.52
08/29/14	DD 1185	Eclarin, Ernesto P.	-4,648.57
08/29/14	DD 1187	Filice, James L.	-6,573.46
08/29/14	DD 1188	Hagins, Patrick M.	-4,469.97
08/29/14	DD 1189	Jackson, Patrick W.	-7,012.81
08/29/14	DD 1190	Knight, Sean W.	-5,639.21
08/29/14	DD 1191	Malko, Kim A.	-2,688.11
08/29/14	DD 1192	Norman, III, Walter R.	-3,758.57
08/29/14	DD 1193	Padilla, David	-5,529.56
08/29/14	DD 1194	Porteur, Carol A.	-4,007.08
08/29/14	DD 1195	Ridenhour, Donald G	-9,920.34
08/29/14	DD 1196	Watson, Scott A.	-4,825.98
08/29/14	DD 1197	Zavala, Anabel G.	-4,162.05
08/11/14	19930	Porteur, Carol A.	-114.11
08/11/14	19931	B S K Analytical Laboratories, Inc.	-1,028.00
08/11/14	19932	Bianchi Kasavan & Pope, LLP	-2,758.00
08/11/14	19933	CM Analytical, Inc.	-7,757.50
08/11/14	19934	EBCO Pest Control	-55.00
08/11/14	19935	Electrical Distributors Co.	-59.75
08/11/14	19936	Hach Company	-192.30
08/11/14	19937	Maverick Welding Supply, Inc.	-25.97
08/11/14	19938	Mid Valley Supply	-414.95
08/11/14	19939	National Meter & Automation, Inc.	-4,918.13
08/11/14	19940	P G & E	-51,909.07
08/11/14	19941	Radio Shack (Crystal T.V.)	-3.79
08/11/14	19942	San Benito County Water District	-458.50
08/11/14	19943	San Benito Tire, Inc.	-448.31
08/11/14	19944	Stargazer Packaging	-315.66
08/11/14	19945	Toro Petroleum Corp.	-1,643.39
08/11/14	19946	U.S. Bank Corporate Payment Systems	-599.62
08/11/14	19947	Wright Bros. Welding & Sheet Metal, Inc.	-53.95
08/15/14	19948	Hill, Kathleen A	-328.40
08/18/14	19949	A-1 Services	-403.00
08/18/14	19950	All Star Ready Mix, LLC	-861.76
08/18/14	19951	Auto Tech Service Center, Inc.	-377.06
08/18/14	19952	Calcon System, Inc.	-3,635.18
08/18/14	19953	CM Analytical, Inc.	-3,035.00
08/18/14	19954	De Lay & Laredo	-2,000.00
08/18/14	19955	Everbank Commercial Finance, Inc.	-226.87
08/18/14	19956	Hach Company	-23.65

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
08/18/14	19957	Harper & Associates Engineering, Inc.	-3,665.00
08/18/14	19958	J L Wingert Co.	-508.54
08/18/14	19959	John Smith Road Landfill	-320.10
08/18/14	19960	MBS Business Systems	-160.88
08/18/14	19961	Mc Master-Carr	-167.96
08/18/14	19962	NH3 Service Company	-1,788.25
08/18/14	19963	OnTrac	-32.07
08/20/14	19964	Estrada, Thomas A.	-3,002.73
08/20/14	19965	Employment Dev. Dept. (EDD) DE88 Pmts. T. Estrad	-186.03
08/25/14	19966	All Star Ready Mix, LLC	-167.64
08/25/14	19967	Auto Tech Service Center, Inc.	-235.68
08/25/14	19968	B.W.S. Distributors, Inc.	-259.13
08/25/14	19969	Bracewell Engineering, Inc.	-233.00
08/25/14	19970	Calif. Dept. of Public Health - OCP	-210.00
08/25/14	19971	CM Analytical, Inc.	-160.00
08/25/14	19972	HDR Engineering, Inc.	-1,101.98
08/25/14	19973	J L Wingert Co.	-1,817.21
08/25/14	19974	John Smith Road Landfill	-155.10
08/25/14	19975	Radio Shack (Crystal T.V.)	-32.00
08/25/14	19976	Sierra Chemical Co.	-3,585.41
08/25/14	19977	Toro Petroleum Corp.	-1,232.98
08/25/14	19978	Postmaster	-257.14
08/29/14	19979	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,891.24
08/29/14	19980	Nationwide Retirements Solutions	-11,754.16
08/29/14	19981	CalPERS - Retirement	-1,036.00
08/29/14	19982	CalPERS - Health Insurance	-15,474.34
08/29/14	19983	CalPERS - Retirement	-30,309.30
08/29/14	19984	Dearborn National Life Insurance Company	-288.00
08/29/14	19985	HealthSmart Benefit Solutions, Inc. (VSP)	-347.38
08/29/14	19986	Premier Access Insurance Co.	-3,311.40
08/29/14	19987	Postmaster	-1,930.68
08/28/14	19988	Petty Cash	-7.75
09/02/14	19989	SAM BRIGANTINO	-43.04
09/02/14	19990	MIKE FRITZLER	-84.05
09/02/14	19991	ZACHARY & LEILA CLIFFORD	-46.05
09/02/14	19992	FABRICE & CAROLIN GAUJOUR	-140.86
09/02/14	19993	KEVIN & DIANA HERBST	-13.92
09/02/14	19994	TY INTRAVIA	-65.33
09/02/14	19995	BARRY & CHRIS LITTLE	-46.69
09/02/14	19996	MARY BECKY MOSLEY	-14.53
09/02/14	19997	JACKIE SALVITTI	-50.55
09/02/14	19998	ROBERT & CAMELIA SURBER	-38.20
09/02/14	19999	DION & BRIANNE WALKER	-9.00
09/02/14	20000	MASON YANOWITZ	-110.44
09/02/14	20001	AT&T	-297.59
09/02/14	20002	B.W.S. Distributors, Inc.	-348.86
09/02/14	20003	Brigantino Irrigation	-46.60
09/02/14	20004	California Clean Energy LLC	-2,427.90
09/02/14	20005	City of Hollister-Finance Dept	-46.86
09/02/14	20006	Corix Water Products	-235.89
09/02/14	20007	Credit Consulting Services, Inc.	-61.25
09/02/14	20008	Everbank Commercial Finance, Inc.	-224.60
09/02/14	20009	Ferguson Enterprises, Inc.	-250.20
09/02/14	20010	Hach Company	-2,949.73
09/02/14	20011	Hollister Auto Parts, Inc.	-702.10
09/02/14	20012	Mc Master-Carr	-47.28
09/02/14	20013	McGilloway, Ray, Brown & Kaufman	-1,600.00
09/02/14	20014	Mid Valley Supply	-148.11
09/02/14	20015	O'Reilly Auto Parts	-81.64
09/02/14	20016	P G & E	-14.46
09/02/14	20017	Palace Art & Office Supply	-184.99
09/02/14	20018	Postmaster	-108.60

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
09/02/14	20019	Precision Auto Glass	-312.43
09/02/14	20020	Quinn Company	-187.28
09/02/14	20021	Razzolink.com	-209.85
09/02/14	20022	San Benito Tire, Inc.	-340.32
09/02/14	20023	Sierra Chemical Co.	-1,167.65
09/02/14	20024	South Valley Newspapers (Main St Media)	-402.75
09/02/14	20025	Stargazer Packaging	-394.57
09/02/14	20026	State Board of Equalization	-2,000.00
09/02/14	20027	USA BlueBook	-149.82
09/02/14	20028	Verizon Wireless	-377.20
09/02/14	20029	Mc Master-Carr	-14.97
09/02/14	20030	Stargazer Packaging	-78.91
09/02/14	20031	City of Hollister-Finance Dept	-335,145.63
09/03/14	20032	MBS Business Systems	-650.00
09/08/14	20033	Ace Hardware (Johnson Lumber Co.)	-453.10
09/08/14	20034	All Star Ready Mix, LLC	-402.70
09/08/14	20035	AT&T	-248.42
09/08/14	20036	B.W.S. Distributors, Inc.	-182.34
09/08/14	20037	CM Analytical, Inc.	-1,840.00
09/08/14	20038	CWSRF Accounting Office (1st SRF Loan payment)	-759,974.56
09/08/14	20039	Electrical Distributors Co.	-410.61
09/08/14	20040	Hach Company	-478.06
09/08/14	20041	J L Wingert Co.	-454.06
09/08/14	20042	Mark Nicholson, Inc.	-26,220.57
09/08/14	20043	Mission Uniform Service	-563.84
09/08/14	20044	P G & E	-33,104.47
09/08/14	20045	Postal Graphics (was Post Net)	-40.60
09/08/14	20046	Quinn Company	-3,054.17
09/08/14	20047	Recology San Benito County	-126.03
09/08/14	20048	San Benito County Water District	-403.25
09/08/14	20049	South Valley Internet, Inc.	-20.45
09/08/14	20050	U.S. Bank Corporate Payment Systems	-805.55
09/08/14	20051	USA BlueBook	-79.65
09/09/14	20052	Knight, Sean W. (final payroll)	-3,578.91
09/09/14	20053	Employment Dev. Dept. (EDD) DE88 Pmts. -S.Knight	-197.22
<b>Total Disbursements</b>			<b><u>-1,475,433.94</u></b>

3. Consider Authorizing an Agreement for Water and Wastewater Facilities and Service for 20 single family residential lots in the Tyler Knoll Subdivision.

Director Meraz asked about check number 20042 payable to Mark Nicholson, Inc. for \$26,220.57. General Manager/Secretary Ridenhour responded that we have had a large number of leaks lately, requiring street repairs and paving work, and he added that he is glad that we have the contract bid pricing with them to keep the cost down.

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

**J. NEW BUSINESS:**

1. **RECONSIDER APPROVAL OF A LABOR CONTRACT WITH SUNNYSLOPE COUNTY WATER DISTRICT PERSONNEL:** General Manager/Secretary Ridenhour explained that the Personnel Committee, the Board of Directors, and staff have exchanged ideas and proposals for a new labor contract over the past several months. At the Board meeting on August 13, 2014, the Board discussed and approved a Labor Contract with staff for the next three years. At the request of the Board President, the Labor Contract has been agendized for reconsideration.

Director Clapham spoke about his reasons for wanting to revisit the Labor Contract, which were that he felt rushed into approving the contract and that he felt that the contract could have been more ammenable to staff. He feels that the Board should revisit the COLA and other aspects of the contract.

Director Clapham made a motion to set aside the Labor Contract approved by the Board at the last meeting, and send it back to the Personnel Committee to negotiate further with staff. Director Villalon stepped down from presiding over the meeting and turned the meeting over to Vice President/Director Hill to preside over this agenda item. Having done so, Director Villalon seconded the motion. Director Villalon expressed his agreement with Director Clapham and stated that three years was a long time with no COLA. After further board discussion, Vice President Hill asked for any public comment, and being none, took it to a vote. The motion failed with a vote of (2-3), with Directors Clapham and Villalon voting for, and Directors Meraz, Johnson, and Hill voting against.

**2. CONSIDER APPROVAL OF THE FOLLOWING JOB DESCRIPTIONS AND COMPENSATION:**

**A. WATER & WASTEWATER UTILITY MAINTENANCE WORKER JOB**

**DESCRIPTION:** General Manager/Secretary Ridenhour stated that on August 13, 2014, the Board approved a three year Labor Contract with District Personnel and one of the terms of the contract modified the job requirements of Water & Wastewater Utility Maintenance Worker position by eliminating salary Step K and changing the requirements of staff reaching Step J to include Lead Worker duties. The job description for this position has not been modified since the year 2000 and needed additional duties added to reflect the work being performed, including operating the Lessalt Water Treatment Plant and operating the Ridgemark Wastewater Treatment Plant. The job description has been modified and updated accordingly.

**B. ASSISTANT /OR ASSOCIATE ENGINEER JOB DESCRIPTION AND**

**COMPENSATION:** General Manager/Secretary Ridenhour stated that in 2013 the Assistant /or Associate Engineer job description and compensation was established for the position after comparison to several other agencies. The District hired an Associate Engineer to fill the position in February 2014, from a relatively small pool of applicants, and unfortunately the employee has recently resigned. Attached are proposed modifications to the job description and to the compensation that would allow the District to attract additional qualified candidates for the position. The proposed compensation is consistent with the Compensation Survey performed by the District and the job description adds the ability to substitute 10 years of experience for the requirement of being a Licensed Civil Engineer. These modifications would allow experienced engineers without a license to qualify for the position, although a license would still be preferred and desirable. The proposed compensation for the Associate Engineer would add two additional steps in the salary range as shown in red below. Employees at Step F and G would be required to be at that salary range for 18 months prior to being eligible for a step increase. The Assistant Engineer compensation would stay the same.

**Associate Engineer (monthly salary):**

<u>Step A</u>	<u>Step B</u>	<u>Step C</u>	<u>Step D</u>	<u>Step E</u>	<u>Step F</u>	<u>Step G</u>	<u>Step H</u>
\$6,300	\$6,615	\$6,946	\$7,293	\$7,658	\$8,041	\$8,443	\$8,865

General Manager/Secretary Ridenhour stated that the District currently has a vacancies for a Water & Wastewater Utility Maintenance Worker and for an Assistant/Associate Engineer, and wants to get them advertised soon.

Upon motion made by Director Meraz, seconded by Director Hill, and unanimously carried (5-0), the Board approved the updated Water & Wastewater Utility Maintenance Worker job description, and the updated Assistant /or Associate Engineer job description and salary scale to include Steps G and H.

- 3. CONSIDER APPROVAL OF THE DISTRICT'S SHARE (32%) OF THE HOLLISTER URBAN AREA WATER AND WASTEWATER MASTER PLAN UPDATE FOR AN AMOUNT NOT TO EXCEED \$58,000:** General Manager/Secretary Ridenhour stated that in 2008, the City of Hollister (City), San Benito County, San Benito County Water District (SBCWD), and the Sunnyslope County Water District (Sunnyslope) completed the Hollister Urban Area Water and Wastewater Master Plan (Master Plan). Since 2008, most of the projects identified in the Master Plan have been completed, are under construction, or are nearing construction. The original Master Plan contemplated an update being necessary in 2014, to guide the agencies collaborative water and wastewater projects into the future. On July 9, 2014, the Board approved a Statement of Intent that acknowledged the need and specified the tasks of the Hollister Urban Area Water and Wastewater Master Plan Update.

On August 20, 2014, the Governance Committee received a presentation regarding the Hollister Urban Area Water and Wastewater Master Plan Update and formally recommended each agency take the Master Plan Update back to their respective agencies for adoption and signature. The City and the SBCWD will be approving their share of the expenditures and Master Plan Update at their respective meetings in the month of September. The total expenditure for the update to the Master Plan is \$219,882 but \$40,000 from an existing contract with HDR has been approved for use to begin the update. The Governance Committee has recommended each agency approve their respective share of the remaining \$179,882 to complete the Master Plan Update. Sunnyslope's share is 32% or approximately \$58,000.

General Manager/Secretary Ridenhour added that the District's share of approximately \$58,000 has been anticipated and was identified in the Capital Improvement list in the Fiscal Year 2014/2015 budget that was adopted by the Board on June 11, 2014.

Upon motion made by Director Clapham, seconded by Director Johnson, and unanimously carried (5-0), the Board approved the District's share (32%) of the Hollister Urban Area Water and Wastewater Master Plan Update for an amount not to exceed \$58,000.

- 4. CONSIDER AUTHORIZING BOARD MEMBERS TO ATTEND THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 5 PROGRAM AND TOUR REGARDING WATERSHED RELIABILITY IN LIVERMORE, CALIFORNIA:** General Manager/Secretary Ridenhour stated that the ACWA Region 5 is holding a program and tour titled "Creative Approaches to Watershed Reliability in the Tri-Valley" on Sunday October 19<sup>th</sup> and Monday October 20<sup>th</sup>. On Sunday the group will tour the Del Valle Pumping Plant and Dam which is part of the State Water Project's South Bay Aqueduct. On Monday there is a program on imported water, aquifer management, flood control, conservation, and water recycling.

The cost of registration is \$70 and the total expenditure for attending the program and tour is approximately \$310 per person including registration, mileage reimbursement, and meals.

If hotel accommodations for Sunday evening are needed, the cost for mileage is reduced, and the total cost is approximately \$330 per person.

Director Villalon and Director Hill expressed interest in attending the Monday portion of the program, since they are both unavailable to attend on Sunday.

Upon motion made by Director Meraz, seconded by Director Johnson, and carried by a vote of 4-1, with Director Clapham voting against, the Board authorized Directors Villalon and Hill to attend the Monday portion of the Association of California Water Agencies Region 5 Program and Tour regarding watershed reliability in Livermore, California.

- 5. CONSIDER AMENDING THE PROFESSIONAL SERVICES CONTRACT WITH HARPER & ASSOICIATE ENGINEERING, INC. TO INCLUDE SERVICES FOR THE FAIRVIEW TANK IN THE AMOUNT NOT TO EXCEED \$42,200:** General Manager/Secretary Ridenhour explained that at the May 14, 2014, Board meeting, the Board approved a contract with Harper and Associates Engineering, Inc. to provide professional engineering services for the coating and cathodic protection of the Ridgemark Tanks (0.5 and 1.0 MG).

During the inspection dive of the Ridgemark Tanks, District staff had Harper and Associates dive and inspect the Fairview Tank as well.

General Manager/Secretary Ridenhour stated that the findings of those inspections and the resulting recommendations were delivered to the District in July, 2014. The inspection observations for the Ridgemark Tanks were consistent with previous inspection reports, and the good news is the estimated cost of the work to be performed came in substantially below staff's original estimates (See attached cost breakdown below).

The bad news is that after inspection observations for the Fairview Tank, the tank will need repairs and recoating earlier than anticipated. This was a surprise and concern for District staff, so after review of the reports, a conference call with Harper and Associates staff was made for clarifications, alternatives, and recommendations. The following are the cost estimates:

Ridgemark 0.5 M gallon tank	\$143,000 - \$172,000
Ridgemark 1.0 M gallon tank	\$192,000 - \$227,000
Fairview 3.5 M gallon tank	\$360,000 - \$391,000
Design and Inspection Costs:	
Ridgemark Tanks	\$ 80,490
Fairview Tank	\$ 42,200
<b>Maximum Total Cost</b>	<b>\$913,000</b>

General Manager/Secretary Ridenhour explained that the exterior surfaces are in good condition. The interior surfaces have cracked and delaminating surfaces with moderate to severe corrosion and blistering. The recommendations are to recoat the interior surfaces only and to address any safety, health, and/or code features that may be necessary.

If recoating of the interior cannot be completed within one to two years it is recommended that the tank be drained and a more in-depth review of the most corroded

areas be performed with recommendations for puddle filling, patch welding, or other repairs be determined. Additionally, a cathodic protection system should be installed to prevent further corrosion damage.

District staff and the Water and Wastewater Committee have reviewed the recommendations and costs associated with performing the work for all three tanks. Due to the needs of the Fairview Tank, the lower than anticipated cost estimates for the Ridgemark Tanks, and the benefits from having all three of the tanks bid under one project, it is recommended that the Board amend Harper and Associates' professional services contract to include engineering services for recoating and cathodic protection for the Fairview water storage tank.

General Manager/Secretary Ridenhour explained that the District's capital budget anticipated a \$780,000 expenditure for rehabilitation of the Ridgemark Tanks, but did not anticipate the Fairview Tank. Using the highest range in the estimates above, adding the Fairview Tank to the current list of capital projects only adds \$136,000 to the capital budget, due to the lower than anticipated cost to rehabilitate the Ridgemark Tanks.

The Fairview Tank coating failure issues were discussed, since there were problems with the original coating after just one year of tank use. General Manager/Secretary Ridenhour stated that Harper & Associates would be including a performance requirement in the specifications for the bid for the work to be done. He also emphasized that by doing all three tanks at once, the job is much larger and therefore, we can attract better contractors to do the work.

Upon motion made by Director Meraz, seconded by Director Hill, and unanimously carried (5-0), the Board approved amending the professional services contract with Harper & Associates Engineering, Inc. to include design and inspection services for the Fairview Tank in the amount not to exceed \$42,200.

- 6. CONSIDER AUTHORIZING THE BOARD PRESIDENT TO SIGN AND MAIL A RESPONSE TO 2013/2014 GRAND JURY REPORT:** General Manager/Secretary Ridenhour stated that the 2013-2014 San Benito County Grand Jury reviewed the Sunnyslope County Water District operations and assessed the District's adherence to its mission statement and core values. The District is required to respond to the report within 90 days if a response is requested. The Grand Jury made one recommendation that requires a formal response from the Board of Directors. The recommendation states "the water district may want to consider modifications to their monthly statements to provide more specific, line level detail. In particular, tiered usage and subtotals at the line level would enhance transparency and help customers better manage their bills, consumption, and water conservation". Staff is reviewing our water/wastewater bills and will continue to look for ways we could modify the monthly bills to provide better information to our customers, however, we will also need to consider that modifications to our bills will require initial reprogramming costs and add to the ongoing annual maintenance cost of the billing program. Attached is a letter responding to the Grand Jury's recommendation. The response prepared for the Board's consideration reflects anticipated efforts in reviewing the monthly bills, and ensures the benefit to the customer justifies the expense of making programming changes to the District's billing system.

General Manager/Secretary Ridenhour stated the Grand Jury Report was a very positive review of the District and made two positive findings in its review. The first finding states "the Ridgemark Wastewater Treatment and Recycled Water Improvements Project was the most viable option available to the residents and rate payers". The second finding states "the merits of the Hollister Urban Area Water Projects are substantial and,

in the view of the Grand Jury, necessary. A Cost-Benefit Analysis, in which the projected costs over time are compared to the projected benefits over time, may be inconclusive or subject to debate due to assumptions about future economic, regulatory, and environmental considerations. But, the economic benefits stemming from reliable, high-quality water cannot be ignored and must not be undervalued (especially if drought conditions become a persistent reality)". These two findings reflect positively on the District and the decisions the Board has made over time to plan for and serve safe, reliable, and high quality water and wastewater services to our customers and all future generations in an environmentally and financially responsible manner.

Upon motion made by Director Meraz, seconded by Director Johnson, and unanimously carried 5-0, the Board authorized the Board President to sign and mail the response to 2013/2014 Grand Jury Report.

**7. CONSIDER APPROVAL OF THE REDUCTION IN THE DISTRICT'S EXCLUSIVE EASEMENT FOR WELL #12 FOR A CONSIDERATION OF \$1,760:**

General Manager/Secretary Ridenhour explained that in 2011, the District entered into an agreement with two parties (Brigantino and Culler/Bray) to adjust lot lines and resulted in the District receiving a 2-acre exclusive easement for a future well site (Well #12). The District paid \$95,000 for the easement and participated in the expense of preparing the documents for the transfer. The Culler/Bray party would like to modify the District's easement and purchase an area of approximately 12,800 square feet back from the District that will assist them with their planned development of the property. Culler/Bray have offered the District \$1,760 for the 12,800 square foot area which is approximate 7% more than the District paid for the property. The reduction in the area does not impact the District's ability to develop a future well and outbuildings at this location. Culler/Bray will prepare all the necessary legal documents to modify the easement. The Property Committee has reviewed the details of this easement modification and support the sale.

General Manager/Secretary Ridenhour stated that since 2007, Mr. Culler and Mr. Bray have been very cooperative and helpful to the District with the acquisition of the future well site. When the Culler/Bray property is developed, the District's exclusive easement will become a separate lot and will be owned by the District in fee title. Staff is requesting authorization for the General Manager to execute all documents to accomplish the modification of the District's easement by approximately 12,800 square feet for the sum listed above.

Upon motion made by Director Meraz, seconded by Director Hill, and unanimously carried (5-0), the Board approved the reduction in the District's exclusive easement for Well #12 for a consideration of \$1,760.

**8. CONSIDER APPROVAL OF RESOLUTION NO. 534 AUTHORIZING EXECUTION OF A LOAN AGREEMENT WITH MUNICIPAL FINANCE CORPORATION TO REFINANCE THE DISTRICT'S SERIES 2002A CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY BONDS:** General Manager/Secretary Ridenhour stated that the District participated in the California Statewide Communities Development Authority (CSCDA) Series 2002A Revenue Bond and on April 16, 2002 issued \$5.2M in bonds. After the October 2014 payment is made, there will be \$3.91M outstanding bond debt with interest rates that range from 4.6% to 5.125% over the 18 years remaining on the debt. The final payment is scheduled to be in October 2032.

On August 13, 2014, the Board directed staff to proceed with the preparation of a loan agreement and necessary documents with City National Bank to accomplish the refinancing of the 2002A revenue bonds. A loan agreement and resolution authorizing

the execution of the loan has been prepared for the Board's consideration that will refinance the debt for 15 years at a 3.40% interest rate, saving the District approximately \$968,000 over the life of the loan. The District's annual payment amount will be approximately \$337,000, which is less than \$3,000 more than the District's current payment.

Upon motion made by Director Hill, seconded by Director Meraz, and unanimously carried (5-0) the Board approved Resolution No. 534 authorizing the execution of a loan agreement with Municipal Finance Corporation to refinance the District's series 2002A revenue bond with California Statewide Communities Development Authority.

## **K. BOARD COMMITTEE and STATUS REPORTS**

- 1. Governance Committee:** General Manager/Secretary Ridenhour reported the committee met on August 20 to discuss the Master Plan update, the Lessalt WTP construction update, and the West Hill WTP design plans, which are at the 90% design point.
- 2. Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported the committee met on August 18<sup>th</sup> and discussed the tank rehabilitation; Hollister Urban Area Water & Wastewater Master Plan Update; sewer manhole repair; Tyler Knoll agreement; and Lessalt Construction. The committee met again on September 11<sup>th</sup> to discuss the Lynn Hilden development and water service; Santana Ranch Development agreement; sewer manhole update; and Lessalt construction.
- 3. Finance Committee:** General Manager/Secretary Ridenhour reported no meeting held.
- 4. Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported no meeting held. Their next meeting has been rescheduled for October 1<sup>st</sup>.
- 5. Personnel Committee:** Director Meraz reported no meeting held.
- 6. Water Resources Association of San Benito County (WRA):** Director Johnson reported they met on September 4<sup>th</sup>. Shawn Novack went over grey water for homes, school programs, plans for the upcoming San Benito County Fair, and the turf removal program.
- 7. Operation Summary, Statement of Income, Investment Summary, Maintenance, City Meter Reading, and Groundwater Level Measurement Reports:** Finance and Human Resource Manager Cathy Buck prepared a narrative report on the Operations Summary (thru August 31, 2014), Statement of Income (thru July 31, 2014), and Investment Summary (thru August 31, 2014). She asked if there were any questions, which there were none, then she pointed out that the high balance in the checking account has been left there intentionally due to two large payments to be made in September. We have made our first payment on the State Revolving Fund loan for the wastewater plant upgrades, and we will make our final payment on the series 2002A revenue bond. The revenue bond is scheduled to be refinanced on October 16<sup>th</sup>.

The District's Investment Summary report reflects the total cash balance as of August 31, 2014 of \$7,958,185.24, which includes two-months earned interest totaling \$2,735.67.

Water/Wastewater Superintendent Jim Filice reviewed the August 2014, Maintenance Staff Report. He asked if there were any questions, which there were none.

During review of the Meter Reading Report for the period July 16, 2014 to August 13, 2014, Mr. Filice noted the City has been repaying us some of the water owed, due to the Lessalt WTP being shut down during construction.

Jim Filice reviewed the groundwater level report and noted that the wells are trending down.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported he is working with the City to develop a contract with them for inspection services while our engineering position is vacant. The City's inspector is Jeff Hall and the cost of his services would be paid by developers such as Tyler Knoll and Santana Ranch.

Director Villalon asked about how the sewer manhole repairs were coming along. General Manager/Secretary Ridenhour reported that Don Chapin Construction is ready to start, but is waiting for materials to be delivered. Apparently, one of the parts needed required unique specifications and is requiring more time to acquire.

#### **L. BOARD and STAFF REPORTS**

- 1. Directors:** No report.
- 2. District Counsel:** Attorney Quinn reported that Attorney Alex Lorca will be attending next month's Board meeting representing their firm. He has been to our meetings before.
- 3. Finance & HR Manager:** No report.
- 4. General Manager:** General Manager/Secretary Ridenhour reported that he will be on vacation from Friday, September 19<sup>th</sup> through Wednesday, September 24<sup>th</sup>. He is planning a hunting trip and is going to be out of cell service during that time.

**M. FUTURE AGENDA ITEMS:** Director Meraz requested the Board be given more of an outline clarifying when a director would be paid for attendance at a non-Board meeting, referring to tonight's agenda item J-4 as an example. The Policy & Procedures Committee could review at their October 1<sup>st</sup> meeting and bring back recommended language to a future meeting. General Manager/Secretary Ridenhour added that he will be bringing back a City contract proposal for inspection services and a developer agreement for Santana Ranch.

**N. ADJOURNMENT:** Upon motion made by Director Meraz, seconded by Director Johnson, and unanimously carried (5-0), the meeting was adjourned at 6:40 p.m.

**APPROVED BY THE BOARD:** s/ Danny Villalon  
Danny Villalon, President

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