

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
February 11, 2010

A. CALL TO ORDER: The meeting was called to order at 5:00 p.m. by President Doug Keck at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

B. ROLL CALL: Directors present: President Doug Keck and Directors Dave Meraz, Steve Hailstone, Dawn Anderson, and Marchel Nelson.

Others present: Attorney Christine Kemp, Engineer Ken Girouard, Secretary Bryan Yamaoka, Staff present: Cathy Buck, Marsha Nelson, and Jim Filice.

C. EXECUTIVE SESSION: The meeting was adjourned to executive session.

1. Pending Litigation – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Subdivision (a) of Section 54956.9) – Name of case: San Benito County Superior Court Case No. CU-08-00139, Builders Association of Northern California, Inc. and Award Homes, Inc. v. Sunnyslope County Water District, All Persons Interested In The Matter of Resolution No. 502 of the Governing Board of the Sunnyslope County Water District (Adopted June 12, 2008), and Does 1-100, inclusive.

D. RECONVENE OPEN MEETING and REPORT ACTIONS TAKEN BY BOARD IN EXECUTIVE SESSION: President Keck reconvened the meeting in open session at 5:15 p.m. He reported that no actions were taken in Executive Session and the Board gave instructions to the negotiators.

E. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS: There were no members of the public present, and therefore no public comments.

F. READING OF MINUTES: Upon motion made by Director Anderson, seconded by Director Meraz, and carried 4-0 (Marchel Nelson abstaining), the Board approved the minutes of the January 14, 2010 Regular Meeting, as presented.

Upon motion made by Director Nelson, seconded by Director Hailstone, and carried unanimously, the Board approved the minutes of the January 26, 2010 Special Meeting, as presented.

G. OLD BUSINESS: None.

H. NEW BUSINESS:

1. **Receive, Review, Discuss, and Take Appropriate Action to Approve/Deny Resolution 513; Consider Relying on Ridgemark Wastewater Treatment Plant Environmental Impact Report to Authorize Purchase of Easements for Ridgemark Wastewater Treatment Plant (Mark's Drive) from Hilden; Authorize Acceptance of Easements; Authorize Filing Notice of Determination under the California Environmental Quality Act; and Authorize Dismissal of Condemnation Proceeding Upon Conveyance of Easements:** During discussion of Resolution 513, Attorney Kemp noted that Mr. Hilden's property is encumbered by a loan of approximately \$1.2 million, and that the Resolution specifies (items 3 and 5) that the property be free and clear, or that the encumbrance is subordinated to the District's easement. It was noted that approval of Resolution 513 authorizes opening an escrow account with First American Title.

Upon motion made by Director Nelson, seconded by Director Anderson, and unanimously carried, the Board approved adoption of Resolution 513, as presented.

2. **Receive, Review, Discuss, and Take Appropriate Action to Approve/Deny**

Resolution 514; Consider Purchase of Easements for Well 5 (Ralph's Drive) from Hilden and Fowler; Authorize Acceptance of Easements, Finding No Environmental Impact; and Authorize Filing Notice of Exemption Under the California Environmental Quality Act: During discussion of Resolution 514, Attorney Kemp noted that the Ralph's Drive property has a lien against in the amount of \$60,000 to \$70,000, and the property must be free and clear of encumbrances. Engineer Girouard stated that Mr. Hilden plans to pay off the lien in the escrow process. It was also pointed out that the Resolution 514 authorizes the District to file a notice of exemption for environmental impacts, and proceed with filing for a lot line adjustment.

Upon motion made by Director Nelson, seconded by Director Meraz, and unanimously carried, the Board approved adoption of Resolution 514, as presented.

I. BOARD AND STAFF COMMITTEE STATUS REPORTS

- 1. Governance Committee:** Engineer Girouard reported that at the last Governance Committee meeting there was discussion regarding the ongoing work with HDR. The cost for the first six months of work is expected to be \$400,000 to \$450,000; the District's one-third share is estimated to be \$135,000 to \$150,000. More exact information will be available at the next Governance Committee meeting.

Engineer Girouard reported that nanofiltration pilot testing has begun, and Jim Filice is completing the intertie work related to the City's new metering system.

Secretary Yamaoka reported that the next meeting of the Governance Committee is scheduled to be held on February 17th, 5:30 p.m. at the San Benito County Water District (SBCWD) Board meeting room.

- 2. Water Resources Association of San Benito County:** President Keck reported on the most recent Water Resources Association (WRA) meeting. He stated that the WRA has been operating as a nonprofit entity in order to qualify for grant funding, however, due to the fact that grant funding is obtained by SBCWD, the WRA is reorganizing to change its nonprofit status. President Keck noted that the Board's meeting packet includes WRA's draft Memorandum of Understanding (MOU), which reflects its change in status.

Secretary Yamaoka stated that the District's attorney will review the MOU prior to presentation for Board approval.

During discussion, Director Anderson suggested that WRA's educational presentations to local school classrooms include awareness of the salt problem caused by water softener use.

- 3. Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** Engineer Girouard reported that he is meeting with RMC tomorrow regarding bidding out this project. The District's attorney will issue an opinion on the District's ownership of property related to its State Revolving Fund financing application. The plan is that the bidding process will conclude at the same time the District receives confirmation of State Revolving Fund financing.

Secretary Yamaoka noted that bids received are good for only ninety days, and the Awards Homes lawsuit issue must be resolved before the District can obtain approval of its Revolving Fund application. He explained that the Awards Home lawsuit contesting the District's water capacity fee increase impacts the status of the District's sewer capacity fee increase because they were implemented through adoption of a single ordinance encompassing both the water and sewer capacity fee increases.

- 4. Water Related Projects:** Engineer Girouard reported that as soon as the State Health Department finish reviewing our amended Operating Permit Application for Well #11, this well will be put into service.
- 5. Lessalt Water Treatment Plant:** This item was covered during discussions earlier in the meeting.

6. State Revolving Fund and Stimulus Package Financing: Engineer Girouard reported that he doesn't expect to receive information on the District's application for water related projects for several more months.

7. District Operation Summary, Statement of Income, and Investment Summary; Lessalt Water Treatment Agency Investment Summary and Disbursement Summary; District Maintenance Report, City Meter Reading, and Groundwater Level Measurements: The Board reviewed the January 31, 2010 District Operation Summary, Statement of Income, and Investment Summary. Ms. Buck noted that the December 21st water and sewer rate increases are reflected in January customer invoices. She commented that projected water income in the District's budget may be overstated because customers have been using less water. Ms. Buck also commented that the quarterly interest payment received from LAIF is less than one percent.

In response to President Keck's question about the City's senior citizen discount for sewer service, Ms. Buck explained age and low income requirements, which are essentially the same as those of PG&E.

Ms. Buck reviewed the monthly financial reports for the Lessalt Water Treatment Agency. The January 31, 2010 Investment Summary of funds reflects a fund total of \$1,644,002.28, including \$32,455.54 fiscal year-to-date interest earned. The January 15 through February 11, 2010 disbursements totaled \$113,583.00, including the \$69,432.01 paid to Calcon Systems, Inc. for their work on the interties with the City of Hollister.

During review of the District's Maintenance Report for January 2010, Jim Filice responded to questions from Directors about various tasks itemized in the report. Mr. Filice stated that graffiti on well signs was easy to remove; the effected signs were re-mounted to areas behind the security fences.

Jim Filice reviewed the District Meter Reading Report for the period December 16, 2009 to January 20, 2010, and noted that the City owes the District approximately 105 million gallons of water. During Mr. Filice's update on the City's new meter system, he explained that the conductivity probes are not accurate and are being replaced.

During review of the groundwater level report, Jim Filice noted the seasonal upward trend.

J. ALLOWANCE OF CLAIMS: The Board reviewed the Disbursement Summary for the period January 15 through February 11, 2010, totaling \$708,007.66, which includes: \$409,994.96 for employee compensation and accounts payable; \$291,189.54 to City of Hollister for net sewer billings collected; \$6,567.75 for customer refunds and returned checks; and \$255.41 for employee medical expense reimbursements.

During review, President Keck commented on the number of returned customer checks. Cathy Buck stated that she anticipated the number of returned checks would decrease with implementation of remote deposit; however, that has not occurred.

In response to Director Meraz' questions about a disbursement to Salinas Pump for \$58,570.36 and \$76,527.43 to the Water Treatment Plant Agency, Jim Filice stated that the pump at Well #2 wore out and was replaced (150 hp, 3 phase motor), and Cathy Buck explained that the Water Treatment Agency disbursement is the District's 50% share of expenses, which includes the Calcon Systems, Inc. charge noted earlier.

Director Meraz stated that he believes the District should have a spending policy which requires Board approval prior to expenditures of more than \$5,000. It was pointed out that the District's budget includes expenditures for replacement and/or repair of equipment that fails, and that the District has never experienced inappropriate expenditure of funds or expenditures not anticipated and budgeted for.

Director Meraz requested that the Board discuss and consider adopting a spending policy. President Keck requested that the Finance Committee research the issue and report back to

the Board.

Upon motion made by Director Anderson, seconded by Director Hailstone, and unanimously carried, the Board approved the disbursements as presented. Last check written as of February 11, 2010 was check #14669.

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
01/15/10	ACH PMT	Anthem Blue Cross of California-Jackson	-78.50
01/15/10	ACH PMT	Merchant Services-Dec 2009 Cr Card Fees	-449.72
01/25/10	ACH PMT	San Benito Bank	-336.57
02/03/10	ACH PMT	Merchant Services-Jan 2010 Cr Card Fees	-478.34
02/09/10	ACH PMT	Anthem Blue Cross of California-Jackson	-78.50
01/19/10	ACH RET 1-01	RETURNED ACH	-73.68
01/15/10	CK RET 1-01	RETURNED CHECK	-193.31
01/15/10	CK RET 1-02	RETURNED CHECK	-168.79
01/15/10	CK RET 1-03	RETURNED CHECK	-246.99
01/15/10	CK RET 1-04	RETURNED CHECK	-353.09
01/15/10	CK RET 1-05	RETURNED CHECK	-155.00
01/15/10	CK RET 1-06	RETURNED CHECK	-161.90
01/15/10	CK RET 1-07	RETURNED CHECK	-130.45
01/15/10	CK RET 1-08	RETURNED CHECK	-175.59
01/15/10	CK RET 1-09	RETURNED CHECK	-150.00
01/15/10	CK RET 1-10	RETURNED CHECK	-144.00
01/15/10	CK RET 1-11	RETURNED CHECK	-179.00
01/21/10	CK RET 1-12	RETURNED CHECK	-41.92
01/21/10	CK RET 1-13	RETURNED CHECK	-162.00
01/25/10	CK RET 1-14	RETURNED CHECK	-200.00
01/25/10	CK RET 1-15	RETURNED CHECK	-140.00
01/25/10	CK RET 1-16	RETURNED CHECK	-111.26
01/25/10	CK RET 1-17	RETURNED CHECK	-159.00
01/25/10	CK RET 1-18	RETURNED CHECK	-117.00
01/25/10	CK RET 1-19	RETURNED CHECK	-161.00
01/29/10	DirDep 01	Alvarez, Abel	-3,584.58
01/29/10	DirDep 02	Brill, Kelly L.	-4,123.12
01/29/10	DirDep 03	Buck, Cathy L.	-6,253.26
01/29/10	DirDep 04	Castro, Kevin G.	-3,483.51
01/29/10	DirDep 05	Chavez, Jr., Manuel T.	-5,362.86
01/29/10	DirDep 06	Eclarin, Ernesto P.	-4,168.04
01/29/10	DirDep 07	Estrada, Thomas A.	-3,769.40
01/29/10	DirDep 08	Filice, James L.	-7,879.61
01/29/10	DirDep 09	Girouard, Kenneth R.	-6,299.30
01/29/10	DirDep 10	Hagins, Patrick M.	-4,322.97
01/29/10	DirDep 11	Imperatrice, Patrick L.	-5,251.84
01/29/10	DirDep 12	Jackson, Patrick W.	-5,658.71
01/29/10	DirDep 13	Nelson, Marsha A.	-3,481.71
01/29/10	DirDep 14	Norman, III, Walter R.	-4,677.99
01/29/10	DirDep 15	Padilla, David	-5,000.67
01/29/10	DirDep 16	Porteur, Carol A.	-3,250.85
01/29/10	DirDep 17	Watson, Scott A.	-3,407.18
01/29/10	DirDep 18	Yamaoka, Bryan M.	-7,885.31
01/29/10	DirDep 19	Zavala, Anabel G.	-3,914.19
02/09/10	DirDep B1	Hailstone, Stephen B. (Dir. Dep.)	-200.00
02/09/10	DirDep B2	Keck, Doug (Dir. Dep.)	-300.00
02/09/10	DirDep B3	Meraz, David (Dir. Dep.)	-200.00
02/09/10	DirDep B4	Wiener-Smolka, Laura S. (Dir. Dep.)	-200.00
01/15/10	14570	Staples	-766.76
01/18/10	14571	A-1 Services	-353.00
01/18/10	14572	Bartle Wells Associates	-3,790.00
01/18/10	14573	Berger/Lewis Accountancy Corporation	-4,000.00
01/18/10	14574	Bianchi Kasavan & Pope, LLP	-364.50
01/18/10	14575	City of Hollister-Finance Dept	-291,189.54
01/18/10	14576	CSK Auto / Pro Shop	-68.31
01/18/10	14577	GEAC	-45.00
01/18/10	14578	J L Wingert Co.	-182.33
01/18/10	14579	Northern Tool & Equipment Co.	-303.49
01/18/10	14580	P G & E	-1,298.46
01/18/10	14581	Power Equipment Co.	-155.55

Date	Num	Name	Amount
01/18/10	14582	San Benito County-Environ. Health Div.	0.00
01/18/10	14583	American Water Works Assoc. CA-NV Section	-75.00
01/18/10	14584	San Benito County-Environ. Health Div.	-2,824.00
01/19/10	14585	Ben Caputo Printing	-23.76
01/22/10	14586	Postmaster	-287.19
01/25/10	14587	CM Analytical, Inc.	-6,038.75
01/25/10	14588	Greenwood Chevrolet	-370.18
01/25/10	14589	Independent Business Forms, Inc.	-70.88
01/25/10	14590	Razzolink.com	-90.77
01/25/10	14591	San Benito Engineering & Surveying Inc.	-5,485.00
01/25/10	14592	Thomson West	-295.00
01/25/10	14593	Todd Engineers	-603.28
01/25/10	14594	Toro Petroleum Corp.	-1,262.74
01/25/10	14595	Tygris Vendor Finance	-257.85
01/29/10	14596	Employment Dev. Dept. (EDD) DE88 Pmts.	-9,746.59
01/29/10	14597	San Benito Bank	-19,239.76
01/29/10	14598	CalPERS - Retirement	-1,587.18
01/29/10	14599	Nationwide Retirements Solutions	-9,676.37
01/29/10	14600	Sterling HSA	-6,203.05
01/29/10	14601	BAC (Beneficial Administration Company)	-288.51
01/29/10	14602	Ben-e-lect	-275.00
01/29/10	14603	CalPERS - Retirement	-35,229.78
01/29/10	14604	Fort Dearborn Life Insurance Co.	-218.50
01/29/10	14605	Premier Access Insurance Co.	-2,559.55
01/29/10	14606	State Comp. Insurance Fund	-3,829.35
01/29/10	14607	Sterling HSA	-70.00
01/27/10	14608	Analytical Technology, Inc.	-54.77
01/27/10	14609	Mark Nicholson, Inc.	-6,216.97
01/27/10	14610	South Valley Internet, Inc.	-17.95
01/27/10	14611	Postmaster	-49.60
01/29/10	14612	Coast Counties Glass	0.00
01/29/10	14613	Gabilan Welding, Inc.	-61.26
01/29/10	14614	Greenwood Chevrolet	-33.98
01/29/10	14615	Hollister Paint Co.	-13.74
01/29/10	14616	Postmaster	-1,715.00
02/01/10	14617	AT&T	-294.48
02/01/10	14618	Carlton's Fire Extinguisher Sales & Serv	-644.10
02/01/10	14619	David J Powers & Associates, Inc.	-5,114.35
02/01/10	14620	Ferguson Enterprises, Inc.	-264.45
02/01/10	14621	Mc Kinnon Lumber Co., Inc.	-25.93
02/01/10	14622	Mid Valley Supply	-319.12
02/01/10	14623	Mission Uniform Service	-511.76
02/01/10	14624	Petty Cash	-5.51
02/01/10	14625	RMC Water and Environment	-10,984.28
02/01/10	14626	Salinas Pump Co.	-58,570.36
02/01/10	14627	Verizon Wireless	-136.41
02/05/10	14628	3-D PROPERTIES	-1,878.76
02/05/10	14629	ATLANTIC PACIFIC REAL ESTATE	-37.15
02/05/10	14630	TIMOTHY BAKER	-103.55
02/05/10	14631	ANN MARIE BURNS	-207.28
02/05/10	14632	DEAN CATES	-32.92
02/05/10	14633	DON CHAPIN CO	-500.00
02/05/10	14634	GLENDA FLETCHER	-40.81
02/05/10	14635	ISRAEL GONZALEZ	-10.87
02/05/10	14636	WILLIAM HOBBS	-88.48
02/05/10	14637	JUNYA MARUYAMA	-55.51
02/05/10	14638	EUGENE MC COMB	-71.82
02/05/10	14639	MORTGAGE CONTRACTING SERVICE	-110.13
02/05/10	14640	OCWEN/REAL HOMES SERVICE	-65.17
02/05/10	14641	WAYNE PHILPOTT	-91.32
02/05/10	14642	PINNACLE REALTY	-50.00
02/05/10	14643	Ace Hardware (Johnson Lumber Co.)	-386.30
02/05/10	14644	Groeniger & Company	-2,808.59
02/05/10	14645	Leadership San Benito County	-60.00
02/05/10	14646	U.S. Bank Corporate Payment Systems	-1,413.43
02/05/10	14647	Anderson, Estate of Robert E.	-100.00

Date	Num	Name	Amount
02/05/10	14648	Horticulture and Crop Science Dept.	-190.00
02/10/10	14649	Anderson, Dawn V.	-200.00
02/10/10	14650	Anthem Blue Cross of California	-13,678.00
02/10/10	14651	Auto Tech Service Center, Inc.	-32.21
02/10/10	14652	Bianchi Kasavan & Pope, LLP	-148.50
02/10/10	14653	Brigantino Irrigation	-8.96
02/10/10	14654	Culver Company Inc.	-97.48
02/10/10	14655	Gabilan Welding, Inc.	-9.74
02/10/10	14656	Greenwood Chevrolet	-75.82
02/10/10	14657	Hollister-Sunnyslope W. T. A.	-76,527.43
02/10/10	14658	Mc Donald Landscaping	-165.00
02/10/10	14659	Nelson, Marchel	-300.00
02/10/10	14660	Noland Hamerly Etienne & Hoss	-3,279.60
02/10/10	14661	P G & E	-10,222.71
02/10/10	14662	Radio Shack (Crystal T.V.)	-30.12
02/10/10	14663	Recology San Benito County	-116.94
02/10/10	14664	San Benito Bank-Medical Exp.	-500.00
02/10/10	14665	San Benito County Water District	-185.00
02/10/10	14666	South Valley Newspapers (Main St Media)	-665.58
02/10/10	14667	Staples	-406.48
02/10/10	14668	Toro Petroleum Corp.	-1,316.73
02/10/10	14669	True Value Hardware	-4.15
12/30/09 - 1/31/10	1284-1287	Total Disbursements - Medical Cking	-255.41
Total Disbursements			<u>-708,007.66</u>

K. DISTRICT COUNSEL REPORT: No report.

L. DISTRICT ENGINEER REPORT: No report.

M. GENERAL MANAGER REPORT: No report.

N. FUTURE MEETINGS/ AGENDA ITEMS: Future agenda items include the WRA Memorandum of Understanding, Governance Committee budget, CEQA declaration for Lessalt Treatment Plant expansion and the Ridgemark pipeline.

O. ADJOURN: Upon motion made by Director Hailstone, seconded by Director Anderson, and unanimously carried, the meeting was adjourned at 6:12 p.m.

The next regular meeting of the Board will be held on Thursday, March 11, 2010.

APPROVED BY THE BOARD: s/Douglas C. Keck
Douglas C. Keck, President

RESPECTFULLY SUBMITTED: s/Bryan M. Yamaoka
Bryan M. Yamaoka, Secretary