

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

- A. CALL TO ORDER:** The meeting was called to order at 4:30 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.

Staff Present for Closed Session: General Manager/Secretary Don Ridenhour.

- C. PUBLIC COMMENT ON CLOSED SESSION MATTERS:** None

**D. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957:**

1. Public Employee Performance Review – Title: General Manager

President Villalon reconvened open session at 5:20 p.m.

- E. PLEDGE OF ALLEGIANCE:** President Villalon led Directors, staff, and public in the Pledge of Allegiance.

- F. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:** President Villalon reported that the Board had discussion on the performance review for General Manager Ridenhour and no action was taken.

- G. APPROVAL OF AGENDA:** Upon motion made by Director Meraz, seconded by Director Clapham 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.

General Manager/Secretary introduced Associate Engineer Sean Knight, the District's newest employee, to the Board of Directors and shared a little of Sean's background.

Member of the public, Mr. Robert Huenemann of 120 Harbern Way, stated that he is one of eighteen shareholders of the Venture Estates Mutual Water Company which is approximately 40 years old. Mr. Huenemann stated that they are concerned with their system's condition. Venture Estates has been annexed into the District and have paid their connection fees. Their hope was to connect with Sunnyslope with the Best Road Pipeline Project. Mr. Huenemann stated that he cannot find any mention of this project other than the minutes of August 6, 2013 and has since heard that the Finance Committee has rejected the project. He is requesting minutes from the committee meeting at which this was discussed.

General Manager/ Secretary Ridenhour responded that although agenda's are posted for committee meetings, we do not have formal minutes on committee meetings. Mr. Ridenhour stated that, while the Best Road Pipeline Project is on the list and has been discussed with the other potential Capital Improvement Projects, it is not anticipated as a priority in the near future since a low interest rate SRF loan is unlikely and since another rate increase would be needed to support repayment of any debt to construct.

**Staff present for Open Session:** General Manager/Secretary Don Ridenhour; Attorney Heidi Quinn; Executive Assistant/Stenographer Carol Porteur; Finance and Human Resource Manager Cathy Buck; Water/Wastewater Superintendent Jim Filice, and Associate Engineer Sean Knight.

**Others present:** Robert Huenemann and a group of San Benito High School students.

**I. CONSENT AGENDA:**

1. Approval of Minutes —Regular Meeting of January 8, 2014.

Upon motion made by Director Hill, seconded by Director Johnson, and unanimously carried 5-0, the Board approved the minutes for the regular meeting of January 8, 2014.

2. Allowance of Claims – Ratify disbursements for the period January 1, 2014 through February 4, 2014 totaling \$1,551,847.67, which includes \$614,058.79 for employee compensation and payments to vendors, \$600,000.00 transfer to LAIF investment account, \$335,339.86 paid to the City of Hollister for payments collected on their customer’s sewer billings, and \$2,449.02 for customer refunds and deductions for checks returned for insufficient funds. The last check written as of February 4, 2014 was #19365. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
01/03/14	ACH 0546	Merchant Services	-675.50
01/15/14	ACH 0547	EFTPS	-251.60
01/03/14	ACH 0548	RETURNED CHECK (Ck Ret 01-01)	-485.23
01/16/14	ACH 0549	RETURNED CHECK (Ck Ret 01-02)	-123.18
01/16/14	ACH 0550	RETURNED ACH (ACH Ret 01-01)	-25.65
01/31/14	ACH 0551	EFTPS	-20,118.66
01/17/14	ACH 0552	RETURNED ACH (ACH Ret 01-02)	-126.49
01/17/14	ACH 0553	RETURNED ACH (ACH Ret 01-03)	-124.47
01/17/14	ACH 0554	RETURNED ACH (ACH Ret 01-04)	-142.94
01/17/14	ACH 0555	RETURNED ACH (ACH Ret 01-05)	-124.47
01/17/14	ACH 0556	RETURNED ACH (ACH Ret 01-06)	-110.33
01/16/14	ACH 0558	RETURNED CHECK (Ck Ret 01-03)	-156.89
01/18/14	ACH 0559	RETURNED CHECK (Ck Ret 01-04)	-124.86
01/21/14	ACH 0557	Wire Transfer to LAIF	-600,000.00
01/23/14	ACH 0560	RETURNED CHECK (Ck Ret 01-05)	-158.84
02/03/14	ACH 0561	Merchant Services	-651.90
01/15/14	DD 1023	Clapham, David G	-348.40
01/15/14	DD 1024	Johnson, John M	-92.35
01/15/14	DD 1025	Meraz, David E	-183.70
01/15/14	DD 1026	Villalon, Daniel	-252.05
01/31/14	DD 1027	Alvarez, Abel	-5,005.55
01/31/14	DD 1028	Brill, Kelly L.	-4,857.52
01/31/14	DD 1029	Buck, Cathy L.	-6,772.46
01/31/14	DD 1031	Chavez, Jr., Manuel T.	-5,913.98
01/31/14	DD 1032	Eclarin, Ernesto P.	-4,973.54
01/31/14	DD 1033	Estrada, Thomas A.	-4,357.59
01/31/14	DD 1034	Filice, James L.	-6,573.32
01/31/14	DD 1035	Hagins, Patrick M.	-4,554.49
01/31/14	DD 1036	Jackson, Patrick W.	-7,036.36
01/31/14	DD 1037	Malko, Kim A.	-2,780.36
01/31/14	DD 1038	Norman, III, Walter R.	-5,647.31
01/31/14	DD 1039	Padilla, David	-4,880.60
01/31/14	DD 1040	Porteur, Carol A.	-4,006.96
01/31/14	DD 1041	Ridenhour, Donald G	-9,837.42
01/31/14	DD 1042	Watson, Scott A.	-5,028.87
01/31/14	DD 1043	Zavala, Anabel G.	-4,228.45
12/23/13	19230	VOID Shape, Inc. (wrong vendor s/b Shape Prod	142.48

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
01/06/14	19251	Castro, Kevin G.	-108.49
01/06/14	19252	Ace Hardware (Johnson Lumber Co.)	-513.25
01/06/14	19253	AT&T	-227.39
01/06/14	19254	B S K Analytical Laboratories, Inc.	-809.00
01/06/14	19255	Brigantino Irrigation	-384.31
01/06/14	19256	Carlton's Fire Extinguisher Sales & Serv	-293.61
01/06/14	19257	CM Analytical, Inc.	-2,690.00
01/06/14	19258	Corix Water Products	-1,491.63
01/06/14	19259	CWEA Membership- TCP	-296.00
01/06/14	19260	David J Powers & Associates, Inc.	-5,651.40
01/06/14	19261	De Lay & Laredo	-2,000.00
01/06/14	19262	Everbank Commercial Finance, Inc.	-224.60
01/06/14	19263	Ferguson Enterprises, Inc.	-193.37
01/06/14	19264	Itron, Inc.	-730.24
01/06/14	19265	O'Reilly Auto Parts	-101.04
01/06/14	19266	P G & E	-20,793.41
01/06/14	19267	Palace Art & Office Supply	-364.91
01/06/14	19268	Postmaster	-87.20
01/06/14	19269	Razzolink.com	-115.90
01/06/14	19270	Recology San Benito County	-124.80
01/06/14	19271	San Benito County-Environ. Health Div.	-4,587.00
01/06/14	19272	San Benito County Water District	-205.75
01/06/14	19273	Shape Products	-142.48
01/06/14	19274	South Valley Internet, Inc.	-20.45
01/06/14	19275	State Water Resources Control Board-OOC	-270.00
01/06/14	19276	U.S. Bank Corporate Payment Systems	-306.62
01/06/14	19277	Verizon Wireless	-384.19
01/06/14	19278	Wright Bros. Indust. Supply	-14.48
01/07/14	19279	Mission Uniform Service	-761.37
01/07/14	19280	City of Hollister-Finance Dept	-332,080.90
01/13/14	19281	GEOFFREY KAHN	-300.00
01/13/14	19282	RAM PROPERTY MGMT.	-25.90
01/13/14	19283	SHELLEY WARRICK	-18.81
01/13/14	19284	TAREK ELBANHAWY	-42.55
01/13/14	19285	RICHARD W GONZALES	-43.71
01/13/14	19286	STEVEN A JONES	-22.21
01/13/14	19287	JAMES & MICHELE PREWETT	-29.57
01/13/14	19288	ULAKU IRUKE	-35.63
01/13/14	19289	BRIAN CALLAHAN	-57.79
01/13/14	19290	JERRY MC CULLOUGH	-15.55
01/13/14	19291	HELEN VIEIRA	-86.56
01/13/14	19292	JAMES & NICOLE ANDREWS	-67.39
01/13/14	19293	AT&T	-374.26
01/13/14	19294	Atlas Copco Compressors, Inc.	-265.88
01/13/14	19295	Bianchi Kasavan & Pope, LLP	-518.00
01/13/14	19296	Calcon System, Inc.	-3,207.51
01/13/14	19297	Calif. Assoc. of Pest Control Advisers	-145.00
01/13/14	19298	City of Hollister-Finance Dept	-335,339.86
01/13/14	19299	CM Analytical, Inc.	-2,040.00
01/13/14	19300	EBCO Pest Control	-55.00
01/13/14	19301	Everbank Commercial Finance, Inc.	-226.87
01/13/14	19302	Postmaster	-1,242.00
01/13/14	19303	Ranchers Feed	-68.36
01/13/14	19304	Toro Petroleum Corp.	-943.07
01/15/14	19305	Hill, Kathleen A	-163.70
01/20/14	19306	A-1 Services	-373.00
01/20/14	19307	All Star Ready Mix, LLC	-505.20
01/20/14	19308	Bianchi Kasavan & Pope, LLP	-3,383.09
01/20/14	19309	Bracewell Engineering, Inc.	-126.00
01/20/14	19310	Calif. Dept. of Public Health - OCP	-120.00
01/20/14	19311	CM Analytical, Inc.	-11,000.00
01/20/14	19312	OnTrac	-17.10

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
01/20/14	19313	Postal Graphics (was Post Net)	-37.42
01/20/14	19314	San Benito Cnty Mosq Abatement Prgm	-87.20
01/20/14	19315	Stargazer Packaging	-394.57
01/21/14	19316	Brill, Kelly L.	-20.38
01/21/14	19317	Porteur, Carol A.	-21.52
01/21/14	19318	Zavala, Anabel G.	-20.26
01/23/14	19319	Postmaster	-236.11
01/27/14	19320	Brigantino Irrigation	-93.20
01/27/14	19321	Bryce Consulting, Inc.	-465.50
01/27/14	19322	Hach Company	-725.41
01/27/14	19323	Hollister Auto Parts, Inc.	-14.78
01/27/14	19324	John Smith Road Landfill	-12.00
01/27/14	19325	McGilloway, Ray, Brown & Kaufman	-5,312.50
01/27/14	19326	Mid Valley Supply	-509.06
01/27/14	19327	Noland Hamerly Etienne & Hoss	-67.50
01/27/14	19328	Palace Art & Office Supply	-219.97
01/27/14	19329	Razzolink.com	-447.96
01/27/14	19330	Sage Software, Inc.	-859.00
01/27/14	19331	Sierra Chemical Co.	-2,638.28
01/27/14	19332	Thomson West	-439.50
01/27/14	19333	Toro Petroleum Corp.	-1,358.27
01/27/14	19334	Verizon Wireless	-377.43
01/27/14	19335	Brill, Kelly L.	-54.15
01/31/14	19336	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,835.73
01/31/14	19337	CalPERS - Retirement	-1,036.00
01/31/14	19338	Nationwide Retirements Solutions	-11,654.01
01/31/14	19339	CalPERS - Health Insurance	-13,868.72
01/31/14	19340	CalPERS - Retirement	-28,054.60
01/31/14	19341	Dearborn National Life Insurance Company	-240.00
01/31/14	19342	HealthSmart Benefit Solutions, Inc. (VSP)	0.00
01/31/14	19343	Premier Access Insurance Co.	-2,967.41
01/31/14	19344	Castro, Kevin G.	-4,879.33
01/31/14	19345	HealthSmart Benefit Solutions, Inc. (VSP)	-297.25
01/30/14	19346	Postmaster	-1,924.31
02/03/14	19347	Ace Hardware (Johnson Lumber Co.)	-533.55
02/03/14	19348	AL V INC	-5,661.00
02/03/14	19349	AT&T	-523.28
02/03/14	19350	B.W.S. Distributors, Inc.	-515.89
02/03/14	19351	CM Analytical, Inc.	-1,755.00
02/03/14	19352	De Lay & Laredo	-4,044.50
02/03/14	19353	Everbank Commercial Finance, Inc.	-224.60
02/03/14	19354	Ferguson Enterprises, Inc.	-60.78
02/03/14	19355	John Smith Road Landfill	-99.00
02/03/14	19356	Mission Uniform Service	-691.19
02/03/14	19357	NH3 Service Company	-840.82
02/03/14	19358	O'Reilly Auto Parts	-17.84
02/03/14	19359	Palace Art & Office Supply	-126.36
02/03/14	19360	Razzolink.com	-185.85
02/03/14	19361	Recology San Benito County	-124.80
02/03/14	19362	San Benito County Water District	-251.25
02/03/14	19363	Sierra Chemical Co.	-1,422.65
02/03/14	19364	Wright Bros. Indust. Supply	-125.45
02/04/14	19365	Brill, Kelly L.	-51.36
<b>Total Disbursements</b>			<b><u>-1,551,847.67</u></b>

Upon motion made by Director Meraz, seconded by Director Clapham, and unanimously carried 5-0, the Board approved the allowance of claims from January 1, 2014 through February 4, 2014.

3. Consider Approval and Authorize Filing a Notice of Completion for the Creekside 5 Subdivision.

Upon motion made by Director Meraz, seconded by Director Clapham, and unanimously carried 5-0, the Board approved and authorized filing a notice of completion for the Creekside 5 Subdivision.

4. Consider Approval of Change Orders No. 24, 25, and 26 for Additions to the Ridgemark Wastewater Treatment Plant Project for a Total Amount of \$4,369.59.

Upon motion made by Director Hill, seconded by Director Johnson, and unanimously carried 5-0, the Board approved change orders No. 24, 25, and 26 for additions to the Ridgemark Wastewater Treatment Plant Project for a total amount of \$4,369.59.

## **J. NEW BUSINESS:**

### **1. PUBLIC HEARING – CONSIDER THE SOUTHSIDE ROAD ANNEXATION:**

- a. Consider Approval and Certification of the Initial Study and Negative Declaration for the Southside Road Water Service Area Annexation.
- b. Consider Approval of Resolution No.530 Initiating Proceedings for the Southside Road Annexation to the District and Authorize the General Manager to Submit an Application to LAFCO for the Annexation.

General Manager/Secretary Ridenhour explained that at the January 8, 2014 Board meeting, he made a full presentation on the Southside Road Annexation and the Board of Directors opened the Public Hearing to consider the Annexation. Due to a posting requirement, the public hearing was extended until the February 12<sup>th</sup> Board meeting.

At 5:30 p.m. President Villalon continued the public hearing that was opened at the January 8<sup>th</sup> Board meeting and asked the audience if there were any comments, at which there were none, and the public hearing was then closed at 5:31 p.m.

Director Hill stated that the Board discussed this item at the January 8<sup>th</sup> Board meeting and found no significant barriers or concerns and it appeared there were no reasons to hold up approval of this item.

Upon motion made by Director Hill, seconded by Director Johnson, and unanimously carried 5-0, the Board approved certification of the Initial Study and Negative Declaration for the Southside Road Water Service Area Annexation and approved Resolution No. 530 initiating proceedings for the Southside Road Annexation to the District. Included in the motion, the Board authorized the General Manager to submit an application to LAFCO for the Annexation.

- ### **2. DISCUSS A FUTURE DECLARATION OF A WATER SHORTAGE EMERGENCY AND IMPLEMENTING THE DISTRICT'S WATER SHORTAGE CONTINGENCY PLANS:**
- General Manager/Secretary Ridenhour explained that California is entering its third consecutive dry winter and that rainfall during 2013 was the lowest recorded rainfall since records have been kept in the mid-1800s. Governor Edmund G. Brown Jr. has recently declared a drought emergency and the Bureau of Reclamation has reduced delivery projections for the Central Valley Project (CVP) to 0% for Ag customers and 50% for municipal and industrial (M&I) customers. San Benito County Water District (SBCWD) is scheduled to consider declaration of a Water Shortage Emergency at a special meeting and hearing on February 18, 2014. SBCWD staff have requested Sunnyslope County Water District, the City of Hollister, and the City of San Juan Bautista declare an emergency as well. Staff will be bringing a resolution back to the Board for consideration at the March 12<sup>th</sup> Board meeting declaring a Water Shortage Emergency and implementing the Stage I water shortage contingency as

detailed in the Hollister Urban Area Water Management Plan adopted by all four agencies in 2011. A Stage I declaration would trigger a voluntary water conservation effort from the community with a goal of reducing water demand by up to 15%. A public outreach effort is already under way with the Water Resources Association preparing bill inserts and other materials to advertise and request conservation.

Sunnyslope and the Hollister Urban Area are fortunate to have groundwater supplies sufficient to accommodate additional consecutive dry years with limited imported surface water available. Sunnyslope expects to experience a reduction in surface water supply deliveries of 200 to 300 acre feet to the Lessalt Water Treatment Plant in 2014. Normal quantities of water delivered to the Lessalt Water Treatment Plant are 1,700 to 1,800 acre feet per year with a portion of the Lessalt water being delivered to the City of Hollister. Sunnyslope's total water demands in 2013 were approximately 2,810 acre feet and the reduced surface water delivery can be replaced with groundwater. Due to the severity of the statewide drought, staff feels it is prudent to ask our customers to voluntarily reduce water consumption to save precious water resources in case of additional dry years and to conserve our groundwater bank. General Manager/Secretary Ridenhour added, in a worst case, if we continued to have no rain for the next couple of years, the District would need to consider mandatory water rationing.

President Villalon stated that he appreciates the continued awareness regarding the water shortage being made to the customers. Director Claphman expressed concern that the M&I customers were the customers most effected by the reduction and he would like to see it more across the board for everyone.

**3. CONSIDER AUTHORIZATION FOR THE BOARD PRESIDENT TO SIGN A LETTER TO GOVERNOR BROWN EXPRESSING CONCERN WITH PROPOSED CHROMIUM 6 REGULATIONS:**

General Manager/Secretary Ridenhour explained that in 2013 the California Department of Public Health (CDPH) released a proposed maximum contaminant level (MCL) for Chromium 6 of 10 parts per billion (ppb). The current regulations limit for total Chromium to 50 ppb which includes Chromium 6. Sunnyslope County Water District has been measuring its water sources for Chromium 6 levels in recent months as part of the unregulated testing requirements of CDPH. Recent test results for Sunnyslope wells have a range of 6.9 ppb to 8.8 ppb, but have had one test result in the District's water distribution system as high as 14 ppb. The City of Hollister has also been doing testing and their Chromium 6 test results have been slightly higher than Sunnyslope's. Sunnyslope has five water system interties with the City and water can move back and forth through these interties and may explain why we have a reading in the distribution system as high as 14 ppb. The District has five drinking water wells and Chromium 6 is naturally occurring in the soils and in our water supplies that come from groundwater in our community.

Many agencies around the State are concerned with the proposed Chromium 6 water quality regulations. The City of Watsonville recently reached out to Sunnyslope and other cities and water agencies and has requested we send a letter to Governor Edmund G. Brown Jr. expressing our concern with the proposed regulations. We have not studied Sunnyslope well head treatment specifically to determine the exact treatment method and costs but we believe them to be substantial. Sunnyslope operates five drinking water wells and the estimate to comply with the proposed Chromium-6 Maximum Contaminate Level is \$2.5 to \$3 million per well for a total cost of \$12.5 to \$15.0 million for construction of the treatment system; and the ongoing operation and maintenance of these treatment facilities could be as high as \$1.5 million per year. The treatment options are various anion exchange treatment processes that may require additional property around our wells, will generate a waste product that will require disposal (salt brine and other

contaminants), and will require filter resin replacement on a regular basis. General Manager/Secretary Ridenhour stated the final regulation may come out in April and agencies agencies have been told they may have one year to comply.

Director Clapham inquired about the health risk that Chromium 6 has on our water system, and General Manager/Secretary Ridenhour responded that high levels can cause cancer and explained that 10 ppb is a very minimal amount and it would be much higher levels that would be the concern but there is much disagreement about the levels that cause a public health risk.

General Manager/Secretary Ridenhour explained that the letter covers the three main concerns of the regulation being provide grant funding to cover the costs, provide a reasonable time for agencies to comply with the new regulation, and reconsider the MCL due to the cost of compliance. The State needs to consider the significant financial impact the proposed Chromium 6 drinking water regulations will have on our community; the cost of compliance would be devastating to our budget; and if the new Chromium 6 MCL regulation is adopted and imposed, the State is urged to provide grant funding to communities for compliance with the new regulation. Without State financial aid, the proposed regulation could increase the District's water rates by 34% per year. President Villalon requested that the District reach out to other agencies in the Tri County or Tri City area as well, with the letter regarding concerns of the proposed regulations.

Upon motion made by Director Johnson, seconded by Director Hill, and carried 4-1 (with Director Clapham opposed), the Board authorized the Board President to sign a letter to Governor Brown expressing concern with proposed Chromium 6 regulations.

**4. CONSIDER APPROVAL OF A REDUCTION IN THE RETENTION FOR THE RIDGEMARK WASTEWATER TREATMENT PLANT PROJECT TO \$10,000 AND MAKE A RETENTION ADJUSTMENT PAYMENT OF \$472,709.85 TO**

**ANDERSON PACIFIC:** General Manager/Secretary Ridenhour explained that Anderson Pacific has completed the Ridgemark Wastewater Treatment Plant Project with the exception of a few minor punch list items. The wastewater treatment plant has been substantially complete since the end of September, 2013, and has been operating successfully since the end of 2012. The most significant punch list item is training and a start-up of the solar panels located on the roof of the operations building at the wastewater treatment plant. The start-up will require PG&E to schedule the connection and requires a long lead time, and the other punch list items are minor so Anderson Pacific wishes to complete them when they are on site for the solar panel start-up. Anderson Pacific has requested the retention held by the District be reduced to \$10,000 to ensure the remaining items are completed. This will result in releasing \$472,709.85 in retention to Anderson Pacific which is appropriate at this time.

District staff will be submitting a final request for these retention funds and approximately \$125,000 of the project change order costs for reimbursement by the State. The final reimbursement request will bring the total funds borrowed from the State to \$11,400,000 and the first payment on the State Revolving Fund Loan will begin in September of 2014.

Director Clapham suggested waiting until the project was totally complete to release the funds and General Manager/Secretary Ridenhour stated that the \$10,000 the District will be holding is sufficient to cover the remaining work to be done and since PG&E is basically holding up the completion, which could be several weeks out, he feels Anderson Pacific should be paid. Director Hill asked if for some reason Anderson

Pacific did not complete the project would the \$10,000 be adequate to hire another contractor to finish and Mr. Ridenhour stated it would.

Upon motion made by Director Meraz, seconded by Director Hill, and unanimously carried 5-0, the Board approved a reduction in the retention for the Ridgemark Wastewater Treatment Plant Project to \$10,000 and make a retention adjustment payment of \$472,709.85 to Anderson Pacific.

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

- 1. Governance Committee:** General Manager/Secretary Ridenhour reported no meeting was held in January.
- 2. Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported that the committee met on January 21<sup>st</sup> and discussed the final change orders and remaining punch list items to be completed by Anderson Pacific at the Ridgemark Wastewater Treatment Plant. There was also discussion on the water supply update and drought preparedness resolution that will be brought to the Board in February. In addition the committee discussed the City Groundwater Exchange Memorandum of Understanding; the Dissolution of the Hollister-Sunnyslope Water Treatment Agency; Lessalt Water Treatment Plant & Pipeline construction update; acceptance of Creekside 5 development; and Creekside 6 development agreement.
- 3. Finance Committee:** General Manager/Secretary Ridenhour reported no meeting held in January. Mr. Huenemann again inquired about the minutes from the Finance Committee meeting regarding the Best Road Project. Director Meraz responded that the committee cannot make a decision on any projects, they can only bring their recommendation to the Board at a Board meeting and then it is voted on. Mr. Huenemann then requested that the Best Road Project be put on the agenda for the next Board Meeting so the Board can take action.
- 4. Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported a meeting was held on January 21<sup>st</sup> and the committee discussed and reviewed Chapter 1 of the Personnel Policies and Procedures Manual. The committee reviewed the two “Findings of Deficiency” reported by the audit firm, McGilloway, Ray, Brown & Kaufman recommending an Information Technology Policy and Bad Debt Allowance Policy, which will be drafted by staff for review at the next meeting. The Board member check signing policy was discussed and reviewed regarding compensation for the assigned duty on a weekly or monthly basis and on potentially rotating the assignment. The Board had a brief discussion and decided the Policy and Procedure Committee should revisit the policy with the possibility of changing it to having a quarterly rotation of Board members signing checks. The next meeting is scheduled for February 18<sup>th</sup>.
- 5. Personnel Committee:** General Manager/Secretary Ridenhour reported no meeting was held in January.
- 6. Water Resources Association of San Benito County:** General Manager/Secretary Ridenhour reported that the committee met on January 9<sup>th</sup> and discussed drought contingency plans, outreach for Water Resources Association to assist customers in reducing their water use in regards to drought conditions; and the toilet retrofit program.
- 7. District Operation Summary, Statement of Income, and Investment Summary; Hollister-Sunnyslope Water Treatment Agency Investment and Disbursement Summaries; District Maintenance, Meter Reading, and Well Groundwater Level Reports:** Finance and Human Resource Manager Cathy Buck prepared a narrative report on the District’s Operations Summary (for January 31, 2014), Statement of Income (for December 31, 2013), and Investment Summary (for January 31, 2014). Ms. Buck pointed out that the District has received a total of thirty-five water connection fees year-to-date and the auto payment services are now used by slightly more than 19% of our customers. She also noted that both water and sewer sales are up in January, primarily due to the rate increases that took effect on December 21, 2013.



The District's Investment Summary report reflects the total cash balance as of January 31, 2014 of \$5,611,407.43, which includes seven-months earned interest totaling \$3,792.74.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending January 31, 2014, which reflects a cash balance total of \$1,121,968.31, which includes \$1,455.19 fiscal year-to-date (eleven month's) interest earned. Ms. Buck reported that since the Hollister – Sunnyslope Water Treatment Agency's dissolution was approved at the Special Joint meeting with the City of Hollister, on February 11<sup>th</sup>, she will soon be writing checks to both the City of Hollister and Sunnyslope County Water District to disburse the funds in the checking account.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Disbursement's for the period of January 1, 2014 to February 4, 2014 totaling \$2,705.00.

Water/Wastewater Superintendent Jim Filice reviewed the January, 2014, Maintenance Staff Report. Mr. Filice pointed out item #20, regarding the installation of reed switches for the intrusion alarms at the SBR Generator, Main Liftstation Generator, and Ridgemark II Generator. He also brought attention to item #21 regarding connection to the force main for the Paullus Drive Lift station, which was vacuumed then flushed to unclog the not so "disposable" wipes that are getting into the system. Director Meraz inquired about item #5, regarding shutting down the water main to Well's 2, 5, 7, 8 and 11 to pull, clean, and inspect the chlorine injection quills, asking if there was a central location so all would not need to be shut down. Mr. Filice responded that each location has a treatment station so they are not all shut down at once. Director Hill noticed that out of 730 Fire Hydrants, only 232 have been flushed to date and asked whether we are on track. Mr. Filice responded that staff has been kept busy working on service leaks of late and also stated that due to the drought situation it would not be a good idea to be flushing hydrants as we need to conserve water.

During review of the Meter Reading Report for the period December 11, 2013 to January 13, 2014, Jim Filice noted the intertie meter data indicates the City received 38.2 % of Lessalt water, while the District received 61.8 %. Mr. Filice noted that the new chart reflects the adjustment made for exchanging Sunnyslope's wastewater discharge flow for the groundwater that the City owes us per the new agreement between both agencies.

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

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported that the pipeline work on the Lessalt WTP Upgrade and Fairview Road Pipeline is complete and they should begin working on the pump station in March. Mr. Ridenhour will be offering a tour of the construction to the Board in a couple of months.

The West Hills Water Treatment Plant's EIR has been released for public review and comments.

Bryce Consulting is compiling data from the comparison agencies, and Mr. Ridenhour has confirmation since he has heard from other agencies that have been contacted.

Mr. Ridenhour reported that he met with an engineer and a representative from Harbern Way to discuss options to connect their system to Sunnyslope as the residents are considering designing and paying for the pipeline to connect.

Representatives from Ridgemark Golf Course met with Mr. Ridenhour to discuss the

possibility of purchasing the property at the former Ridgemark II treatment facilities, which Mr. Ridenhour will bring to the committee.

Mr. Ridenhour met with three members of the Grand Jury on January 19<sup>th</sup> and provided them with general information regarding the District.

Mr. Ridenhour mentioned that Shawn Novack produced a four minute video along with CMAP on the Hollister Urban Area Water Project which received a 1<sup>st</sup> place award in the Bay Area Community Access TV – Professional Category in January, and this video can be accessed on the Sunnyslope website through the link to the Hollister Urban Area Water Project.

**L. BOARD and STAFF REPORTS**

1. **Directors:** President Villalon complimented the on-call emergency maintenance staff for their quick response to a call that he made reporting water running down his street. He stated that staff had responded within 2-3 minutes of the call.
2. **District Counsel:** No report.
3. **Finance-HR Manager:** No report.
4. **General Manager:** No report.

**M. FUTURE AGENDA ITEMS:** Future agenda items: Best Road Pipeline to serve Harbern Way; Budget review (7-months); Drought resolution; and Board compensation.

**N. ADJOURN:** Upon motion made by Director Meraz, seconded by Director Johnson, and carried 5-0, the meeting was adjourned at 6:25 p.m.

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

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