

**MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
July 10, 2013**

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Meraz, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Dave Meraz; Directors Dave Clapham, Kathleen Hill, John M. Johnson, and Danny Villalon.
- C. PLEDGE OF ALLEGIANCE:** Director Villalon led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Hill, seconded by Director Johnson, 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 from the public.

Staff present for Open Session: General Manager/Secretary Don Ridenhour; Attorney Heidi Quinn; Executive Assistant/Stenographer Carol Porteur; District Engineer Ken Girouard; Finance & Human Resources Manager Cathy Buck; and Water Superintendent Jim Filice.

Others present: Harry Blohm

F. CONSENT AGENDA:

1. Approval of Minutes — for the Special Meeting of June 5, 2013 and the Regular Meeting of June 12, 2013.
2. Allowance of Claims – to ratify disbursements for the period June 6 through July 2, 2013 totaling \$2,549,536.93, which includes \$2,213,240.86 for employee compensation and payments to vendors, \$333,778.79 paid to the City of Hollister for payments collected on their customer’s sewer billings, and \$2,517.28 for customer refunds and deductions for checks returned for insufficient funds. The last check written as of July 2, 2013 was #18673.

President Meraz inquired about check #18613 issued to Melissa Data Corp. for \$1,851.13, which Finance & Human Resource Manager Cathy Buck explained is for updating the bar codes with zip code information in the MOM’s billing system and helps us get the best bulk mailing rate by certifying addresses. President Meraz also inquired about check #18615 issued to Neopost USA, Inc. for \$3,574.63, and Ms. Buck explained that it is the annual maintenance fee for the folding/stuffing machine and maxi-feeder which is used for mailing the bills.

Date	Num	Name	Amount
6/14/13	ACH 0451	EFTPS	-289.90
6/3/13	ACH 0452	Merchant Services	-591.16
6/13/13	ACH 0453	RETURNED CHECK (Ck. Ret. 06-01 thru 06-03)	-802.58
6/17/13	ACH 0454	CalPERS - Retirement	-931,294.00
6/28/13	ACH 0455	EFTPS	-24,145.10
6/23/13	ACH 0456	Local Agency Investment Fund (LAIF)	-400,000.00
6/19/13	ACH 0457	RETURNED ACH (ACH Ret. 06-01 thru 06-03)	-338.39
6/20/13	ACH 0458	RETURNED CHECK (Ck. Ret. 06-04)	-148.74

Date	Num	Name	Amount
6/20/13	ACH 0459	RETURNED CHECK (Ck. Ret. 06-05)	-302.13
6/21/13	ACH 0460	RETURNED CHECK (Ck. Ret. 06-06)	-116.84
6/14/13	DD 0867	Clapham, David G	-182.70
6/14/13	DD 0868	Meraz, David E	-265.05
6/14/13	DD 0869	Villalon, Daniel	-252.05
6/28/13	DD 0870	Alvarez, Abel	-4,729.09
6/28/13	DD 0871	Brill, Kelly L.	-5,257.52
6/28/13	DD 0872	Buck, Cathy L.	-6,687.60
6/28/13	DD 0873	Castro, Kevin G.	-4,935.98
6/28/13	DD 0874	Chavez, Jr., Manuel T.	-5,750.42
6/28/13	DD 0875	Eclarin, Ernesto P.	-4,224.80
6/28/13	DD 0876	Estrada, Thomas A.	-4,260.61
6/28/13	DD 0877	Filice, James L.	-7,371.62
6/28/13	DD 0878	Girouard, Kenneth R.	-6,441.35
6/28/13	DD 0879	Hagins, Patrick M.	-4,351.02
6/28/13	DD 0880	Imperatrice, Patrick L.	-5,921.16
6/28/13	DD 0881	Jackson, Patrick W.	-6,759.38
6/28/13	DD 0882	Malko, Kim A.	-2,961.50
6/28/13	DD 0883	Norman, III, Walter R.	-5,966.24
6/28/13	DD 0884	Padilla, David	-5,002.56
6/28/13	DD 0885	Porteur, Carol A.	-4,029.64
6/28/13	DD 0886	Ridenhour, Donald G	-9,622.16
6/28/13	DD 0887	Watson, Scott A.	-4,707.31
6/28/13	DD 0888	Zavala, Anabel G.	-5,029.51
6/28/13	DD 0889	Jackson, Norma	-255.43
6/5/13	18583	Ace Hardware	-36.03
6/10/13	18584	Villalon, Daniel (Dir. Dep.)	0.00
6/5/13	18585	Villalon, Daniel	-239.51
6/10/13	18586	Auto Tech Service Center, Inc.	-36.88
6/10/13	18587	Ferguson Enterprises, Inc.	-425.44
6/10/13	18588	Postmaster	-83.00
6/10/13	18589	Raftelis Financial Consultants, Inc.	-16,892.50
6/10/13	18590	South Valley Internet, Inc.	-17.95
6/10/13	18591	Staples	-25.47
6/10/13	18592	Toro Petroleum Corp.	-1,693.72
6/10/13	18593	U.S. Bank Corporate Payment Systems	-1,425.82
6/10/13	18594	Underground Service Alert	-115.50
6/10/13	18595	Wright Bros. Welding & Sheet Metal, Inc.	-3.54
6/7/13	18596	Hill, Kathleen A	-160.99
6/14/13	18597	Hill, Kathleen A	-409.75
6/12/13	18598	Postmaster	-475.43
6/12/13	18599	Postmaster	-2,160.06
6/17/13	18600	Watson, Scott A.	-150.00
6/17/13	18601	A-1 Services	-373.00
6/17/13	18602	AL's Septic Tank Service Inc.	-340.00
6/17/13	18603	All Star Ready Mix, LLC	-2,078.17
6/17/13	18604	AutomationDirect.com	-44.00
6/17/13	18605	Calcon System, Inc.	-3,290.55
6/17/13	18606	Calif. Municipal Treasurers Assoc. (CMTA)	-155.00
6/17/13	18607	City of Hollister-Finance Dept	-333,778.79
6/17/13	18608	CM Analytical, Inc.	-4,030.00
6/17/13	18609	EBCO Pest Control	-55.00
6/17/13	18610	Everbank Commercial Finance, Inc.	-226.87
6/17/13	18611	First Trust Alarm Company	-290.00
6/17/13	18612	Hollister-Sunnyslope W. T. A.	-46,612.01
6/17/13	18613	Melissa Data Corp.	-1,851.13
6/17/13	18614	Monterey Bay Water Works Assoc. (MBWWA)	-60.00
6/17/13	18615	Neopost USA, Inc.	-3,574.63
6/17/13	18616	OnTrac	-43.83
6/17/13	18617	Postmaster	-200.00
6/17/13	18618	Power Equipment Co.	-216.89
6/17/13	18619	San Benito County Water District	-451.25
6/17/13	18620	Stargazer Packaging	-367.04

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
6/17/13	18621	City of Hollister-Finance Dept	-268.13
6/17/13	18622	San Benito County Clerk	-119.00
6/19/13	18623	Mark Nicholson, Inc.	-4,910.00
6/24/13	18624	Anderson Pacific Engineering Constr, Inc.	-131,499.00
6/24/13	18625	Auto Tech Service Center, Inc.	-235.19
6/24/13	18626	AutomationDirect.com	-206.00
6/24/13	18627	B S K Analytical Laboratories, Inc.	-276.00
6/24/13	18628	De Lay & Laredo	-2,658.00
6/24/13	18629	P G & E	-19.71
6/24/13	18630	Sierra Chemical Co.	-321.50
6/24/13	18631	Toro Petroleum Corp.	-1,567.80
6/24/13	18632	A Tool Shed	-41.16
6/28/13	18633	Employment Dev. Dept. (EDD) DE88 Pmts.	-9,458.85
6/28/13	18634	CalPERS - Retirement	-2,623.18
6/28/13	18635	Nationwide Retirements Solutions	-14,758.80
6/28/13	18636	United Way of Santa Cruz	-90.00
6/28/13	18637	BAC (Beneficial Administration Company)	-353.57
6/28/13	18638	CalPERS - Health Insurance	-13,737.85
6/28/13	18639	CalPERS - Retirement	-41,147.84
6/28/13	18640	Fort Dearborn Life Insurance Co.	-304.00
6/28/13	18641	Premier Access Insurance Co.	-3,422.28
6/24/13	18642	Postmaster	-243.78
6/28/13	18643	ACWA/JPIA	-10,282.94
6/26/13	18644	Postmaster	-1,822.14
6/28/13	18645	Petty Cash	-36.04
7/1/13	18646	NANCY CLARK	-29.46
7/1/13	18647	JUSTIN CONLEY	-107.93
7/1/13	18648	COSMOS INVESTMENT GROUP	-90.00
7/1/13	18649	COSMOS INVESTMENT GROUP	-62.03
7/1/13	18650	BARBARA ESCOBAR	-145.29
7/1/13	18651	KELLIE FLETCHER	-30.08
7/1/13	18652	DEVIN HOOD	-76.68
7/1/13	18653	TRACI BRITT	-39.36
7/1/13	18654	TOM KALJIAN	-96.50
7/1/13	18655	PATRICK & KAREN LOPES	-111.65
7/1/13	18656	A MILLAN & j RODRIGUEZ	-19.62
7/1/13	18657	AT&T	-225.63
7/1/13	18658	Auto Tech Service Center, Inc.	-44.88
7/1/13	18659	Brigantino Irrigation	-68.77
7/1/13	18660	Calvista Insurance Agency Inc.	-48,619.32
7/1/13	18661	City of Hollister-Finance Dept	-1,200.00
7/1/13	18662	Corbin Willits Systems, Inc. (MOM's)	-8,056.20
7/1/13	18663	Corix Water Products	-2,382.93
7/1/13	18664	Everbank Commercial Finance, Inc.	-224.60
7/1/13	18665	Ferguson Enterprises, Inc.	-178.30
7/1/13	18666	Hach Company	-464.93
7/1/13	18667	Itron, Inc.	-730.23
7/1/13	18668	PAPA	-80.00
7/1/13	18669	Postmaster	-88.00
7/1/13	18670	Razzolink.com	-99.95
7/1/13	18671	Verizon Wireless	-320.85
7/2/13	18672	Anderson Pacific Engineering - Retention	-271,625.02
7/2/13	18673	San Benito County Water District	-88,532.67
Total Disbursements			<u>-2,549,536.93</u>

- Approval of the Ridgemark Wastewater Treatment and Recycled Water Improvements Project Progress Payment Request by Anderson Pacific for Invoice 108-24 dated June 30, 2013 for \$ 130,550.62.

Director Clapham inquired about the work completed for this current billing cycle and General Manager/Secretary Ridenhour explained that the contractor completed the work

on the sewer lines in Mark's Drive and completed work on the solids storage tank. Anderson Pacific also has begun the final grading around the plant, prepping for paving, and has tied into the force main connecting the Ridgemark II sewage lift station. Director Clapham also asked about the scheduling for pavement of the project and General Manager/Secretary Ridenhour stated that they plan begin paving by the end of July and will work their way down from the plant to the streets, so that they will not be moving equipment on freshly paved surfaces.

Upon motion made by Director Clapham, seconded by Director Villalon, and unanimously carried 5-0, the Board approved the Consent Agenda as presented.

G. NEW BUSINESS:

- 1. CONSIDER APPROVAL OF AN AMENDMENT TO THE CONTRACT WITH RAFTELIS FINANCIAL CONSULTANTS FOR ADDITIONAL WATER AND SEWER RATE DEVELOPMENT SERVICES ADDING \$7,200.00 FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$65,527.00 AND EXTEND THE TERM OF THE CONTRACT TO SEPTEMBER 30, 2013:** General Manager/Secretary Ridenhour explained that in September 2012, the Board authorized a contract with Raftelis Financial Consultants for \$58,327.00 and authorized an additional \$6,000.00 for an optional task to conduct a special outreach meeting with potential developers to present proposed water and wastewater connection fees for a total amount not to exceed \$64,327.00. Both the City of Hollister and Sunnyslope staffs decided the special outreach meeting was not necessary, therefore Raftelis Financial Consultants were not given direction to proceed with the special outreach meeting and the \$6,000 was eliminated from the current contract.

Since the beginning of the contract, additional consultant time has been necessary due to several updates to the cost estimates for both planned water projects and the operation and maintenance costs associated with the Hollister Urban Area Water Project. There have been several updates to the model, as well as a number of updates for corrections. Mr. Ridenhour stated that the original contract schedule was to be completed by June 30, 2013, but due to the estimate changes and updates, the contract has been delayed and is expected to be complete by September 30, 2013.

President Meraz stated that the Finance Committee was updated at their last meeting and is in agreement with the amendment and are pleased with the work being done by Raftelis. Director Villalon asked what new assumptions can be expected, to which General Manager/Secretary Ridenhour responded that changing cost estimates, environmental work, and operation and maintenance costs have all factored into the proposed rates and no new assumptions are expected. Director Johnson asked if the extension is given, come September, will there be a request to extend again. General Manager/Secretary Ridenhour explained that he does not expect a second Public Hearing will be required after August 6th, but extending until the end of September allows time to get all of the numbers together for the final report.

Upon motion made by Director Hill, seconded by Director Villalon, and unanimously carried 5-0, the Board approved an amendment to the Contract with Raftelis Financial Consultants for additional water and sewer rate development services adding \$7,200.00 to the contract for a total contract amount not to exceed \$65,527.00 and approve extending the term of the contract to September 30, 2013.

H. BOARD AND STAFF COMMITTEE STATUS REPORTS:

- 1. Governance Committee:** Director Villalon reported that the committee met on June 25th and they received an update on the schedules, and made a decision to have quarterly

meetings instead of monthly meetings in the future. In response to President Meraz' question, General Manager/Secretary Ridenhour added the management group will continue with regular monthly meetings to provide updates. They can always call a Governance Committee meeting if something arises prior to the quarterly meeting.

2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported no meeting was held in June.
3. **Finance Committee:** President Meraz reported that the committee met on June 25th and went over the Raftelis Financial Consultants contract amendment covered today in agenda item G-1 and discussed refinancing the Series 2002A Revenue Bond. General Manager/Secretary Ridenhour added that the committee requested getting quotes on the refinancing of the Bond and staff is currently working on it. Director Hill explained that the committee wanted to have confirmation on moving forward with the refinance, whether it should be before or after the rate study was complete.
4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported that the committee met on June 18th and worked on the update of Chapter 4 of the Sewer Code and discussed the travel and meals policy. In addition, a private water and sewer lateral insurance was discussed and the Committee decided not to pursue the private insurance further due to the cost to the customer and the requirement that Sunnyslope would bill customers on behalf of a private business. The Committee and staff did discuss looking at different options of offering this service to customers including the option of Sunnyslope offering a similar service for a similar fee.
5. **Personnel Committee:** President Meraz reported no meeting was held in June and the Committee is scheduled to meet Friday, July 12th.
6. **Water Resources Association of San Benito County:** Director Johnson reported no meeting held in June and the next scheduled meeting is set for July 11th.
7. **Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** Engineer Girouard stated that this item was covered by General Manager/Secretary Ridenhour in agenda item F-3.
8. **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 June 30, 2013), Statement of Income (for May 31, 2013), and Investment Summary (for June 30, 2013). Ms. Buck pointed out that the District received a sewer connection in May, which is the first in several years. Ms. Buck reported that the number of in-house auto pay customers has decreased, in part because customers have switched over to the recurring credit card payment service, and pointed out that the two combined services represent 16.5% of our customers are on some form of automatic payment. Ms. Buck explained that the Statement of Income projected actual net income for the fiscal year of \$1,173,746, which is favorable compared to the budgeted projection of a net loss of \$24,315.

The District's Investment Summary report reflects the total cash balance as of June 30, 2013 of \$3,281,343.83, which includes twelve-months earned interest totaling \$6,225.50. Cathy Buck pointed out that investment balances have gone down about \$1M due to paying off the CalPERS side fund and the Santa Barbara Bank & Trust loan, which was approved by the Board at the June meeting. Ms. Buck added that the SRF disbursement request #21 for \$146,613 and request #22 (the Anderson Pacific 5% retention reduction)

for \$271,625, totaling \$418,238, has been received and the District is reimbursed up to date with the SRF loan. Cathy Buck explained that a \$400,000.00 wire transfer was done from the District's checking account to the LAIF investment account, which helps us segregate our connection fee reserves and invests some excess general fund cash.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending June 30, 2013, which reflects a cash balance total of \$1,184,956.36, which includes \$990.77 fiscal year-to-date (four month's) interest earned.

The Board reviewed Hollister-Sunnyslope Water Treatment Agency's Disbursement Summary, for the period of June 6, 2013 to July 2, 2013, totaling \$84,008.60. President Meraz inquired about the transfer of the Hollister-Sunnyslope Water Treatment Agency to San Benito County Water District, and General Manager/Secretary Ridenhour explained that the operations and maintenance agreement needs to be finalized and approved, and the new rates need to be adopted, before the transfer can take place.

Jim Filice reviewed the June, 2013 Maintenance Staff Report. He brought a few items on the list to everyone's attention. Mr. Filice explained #2, regarding notification of a positive bacteria sample found during the District's routine weekly bacteria sampling, where coliform and e-coli bacteria were detected. The Department of Health Services required re-sampling of the same site upstream and downstream within 24 hours, and those re-tests all came back negative. Mr. Filice commented on #16, regarding the Lessalt Water Treatment Plant being turned off after the plant was switched to San Justo Reservoir water on June 17th. The plant will be turned off through the end of the month due to low dissolved oxygen and high manganese levels. Mr. Filice pointed out #21, regarding the new shed installed near the Paullus Drive Lift Station, which contains Calcium Ammonium Nitrate solution to continuously combat the foul smell at that location. This will allow the nitrate solution to drip into the lift station and staff can monitor the hydrogen sulfide and nitrate levels. Mr. Filice added, #24 we responded to an emergency PG& E power outage at the main lift station, Ridgemark tanks, and the aerators at Ridgemark wastewater treatment ponds. P G & E had the power back on in about one hour.

During review of the Meter Reading Report for the period May 15, 2013 to June 12, 2013, Jim Filice noted the intertie meter data indicates the City received 23.0% of Lessalt water, while the District received 77.0%. Mr. Filice added the District has gained about 1 million gallons of water back from the City, and the balance owed continues to go down. Director Hill inquired about the water that the City of Hollister still owes Sunnyslope, and General Manager/Secretary responded that he needs to meet with Clint Quilter from the City to resolve the plan to get us closer to even.

Jim Filice reviewed the groundwater level report and noted that the wells are trending down which is expected this time of year.

- 9. Active Tasks Update:** General Manager/Secretary Ridenhour reported that Raftelis has completed the report for the proposed water and wastewater rates and is preparing for the August 6th public hearing. Mr. Ridenhour stated that about 25 people attended a joint workshop with the City, Sunnyslope, and San Benito County Water on July 9th at the Hollister Veterans Building, and Sunnyslope Water had approximately 20 of their customers attend with questions and concerns to be addressed. Mr. Ridenhour stated that to date, the District has received approximately 20 water rate and 4 sewer rate protests. He also reported that he is trying to reach out to the Ridgemark Homes Association, Quail Hollow and Oak Creek subdivisions to let them know that he is willing to discuss the proposed rate increases.

General Manager/Secretary Ridenhour reported that the inter-agency agreement has now been approved by all three agencies: City of Hollister, Sunnyslope County Water District, and San Benito County Water District.

Mr. Ridenhour stated that he has received comments back from the District's legal counsel regarding the operations and maintenance agreement, which he plans to bring back to the Board on August 14th for consideration.

Mr. Ridenhour added that he and Engineer Girouard have met with developers representing 9 projects with over 2,000 units within the District's boundaries since the beginning of the year.

Director Clapham inquired about where the Fairview Road pipeline project stands. General Manager/Secretary Ridenhour explained that he has been talking with Todd Reynolds of Kennedy/Jenks Consultants regarding the contract and expects the pipeline to be one of the first items the contractor starts on once the project is awarded in the next few months. Harry Blohm, project manager for the Hollister Urban Area Water & Wastewater Master Plan, stated that San Benito County Water District has contracted with Dahl Consultants to be the primary inspector on the project, but will also have Kennedy/Jenks Consultants work with Dahl since they completed the design and would provide specialty inspections as part of the team.

I. BOARD AND STAFF REPORTS

- 1. Directors:** Director Villalon expressed his concern about the tall weeds along Airline Highway in front of the District office, and Director Clapham requested that a light be placed under the Oak tree in front of the office because it is very dark leaving the building in the winter time when it gets dark early.
- 2. District Counsel:** Attorney Heidi Quinn had no report but stated that David Laredo would be the legal counsel attending the public hearing on August 6th.
- 3. District Engineer:** No report.
- 4. Finance-HR Manager:** No report.
- 5. General Manager:** No report.

J. FUTURE AGENDA ITEMS: Future agenda items include the Public Hearing scheduled for a special meeting on August 6th and the Operations and Maintenance Agreement scheduled for the regular board meeting on August 14th.

K. ADJOURN: Upon motion made by Director Villalon, seconded by Director Clapham, and carried 5-0, the meeting was adjourned at 6:10 p.m.

APPROVED BY THE BOARD: s/ Dave Meraz

Dave Meraz, President

RESPECTFULLY SUBMITTED: s/ Donald G. Ridenhour

Donald G. Ridenhour, Secretary