

**MINUTES**  
**BOARD OF DIRECTORS**  
**SUNNYSLOPE COUNTY WATER DISTRICT**  
**Regular Meeting**  
**July 9, 2014**

- A. CALL TO ORDER:** The meeting was called to order at 4:32 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:**

1. Conference with labor negotiators: Dave Meraz & Dave Clapham – The board held discussion in closed session regarding labor negotiations.

President Villalon reconvened the meeting to open session at 5:16 p.m.

**E. PLEDGE OF ALLEGIANCE:** Director Meraz led Directors, staff, and public in the Pledge of Allegiance.

**F. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:** President Villalon reported that no action was taken.

**G. APPROVAL OF AGENDA:** Upon motion made by Director Hill, seconded by Director Johnson, 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 David Laredo; Executive Assistant/Stenographer Carol Porteur; Finance and Human Resource Manager Cathy Buck; Water/Wastewater Superintendent Jim Filice, and Associate Engineer Sean Knight.

**Others present:** None.

**I. CONSENT AGENDA:**

1. Approval of Minutes – for the Special Meeting of June 9, 2014 and Regular Meeting of June 11, 2014.
2. Allowance of Claims – Ratify disbursements for the period June 3, 2014 through June 30, 2014 totaling \$675,220.15, which includes \$334,175.26 paid to vendors and for employee compensation, \$339,262.96 paid to the City of Hollister for payments collected on their customer's sewer billings net of our fees, and \$1,781.93 for customer overpayment refunds and deductions for checks returned for insufficient funds. The last check written as of June 30, 2014 was check #19840. The list of disbursements is as follows:

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
06/13/14	ACH 0601	EFTPS	-389.10
06/03/14	ACH 0602	Merchant Services	-707.75
06/30/14	ACH 0603	EFTPS	-21,262.72
06/17/14	ACH 0604	RETURNED CHECK (Ck. Ret. 06-01)	-294.50
06/25/14	ACH 0605	RETURNED CHECK (Ck. Ret. 06-02)	-193.60
06/25/14	ACH 0606	RETURNED CHECK (Ck. Ret. 06-03)	-162.41
06/26/14	ACH 0607	RETURNED CHECK (Ck. Ret. 06-04)	-200.23
06/25/14	ACH 0608	RETURNED CREDIT CARD (C/C Ret. 06-01)	-224.19
06/30/14	ACH 0609	RETURNED CHECK (Ck. Ret. 06-05)	-63.01
06/13/14	DD 1132	Clapham, David G	-430.75
06/13/14	DD 1133	Johnson, John M	-266.05
06/13/14	DD 1134	Meraz, David E	-430.75
06/13/14	DD 1135	Villalon, Daniel	-67.35
06/30/14	DD 1136	Alvarez, Abel	-4,565.97
06/30/14	DD 1137	Brill, Kelly L.	-4,892.78
06/30/14	DD 1138	Buck, Cathy L.	-6,527.46
06/30/14	DD 1139	Castro, Kevin G.	-4,649.48
06/30/14	DD 1140	Chavez, Jr., Manuel T.	-6,002.34
06/30/14	DD 1141	Eclarin, Ernesto P.	-4,719.28
06/30/14	DD 1142	Estrada, Thomas A.	-4,374.69
06/30/14	DD 1143	Filice, James L.	-6,573.46
06/30/14	DD 1144	Hagins, Patrick M.	-4,469.98
06/30/14	DD 1145	Jackson, Patrick W.	-6,858.54
06/30/14	DD 1146	Knight, Sean W.	-5,639.21
06/30/14	DD 1147	Malko, Kim A.	-2,664.66
06/30/14	DD 1148	Norman, III, Walter R.	-6,019.12
06/30/14	DD 1149	Padilla, David	-5,726.94
06/30/14	DD 1150	Porteur, Carol A.	-4,007.08
06/30/14	DD 1151	Ridenhour, Donald G	-9,837.41
06/30/14	DD 1152	Watson, Scott A.	-5,348.80
06/30/14	DD 1153	Zavala, Anabel G.	-4,162.05
06/09/14	19758	CalPERS OPEB Trust	-35,841.64
06/09/14	19759	Jackson, Patrick W.	-150.00
06/09/14	19760	Ace Hardware (Johnson Lumber Co.)	-466.22
06/09/14	19761	AT&T	-178.46
06/09/14	19762	City of Hollister-Finance Dept	-339,262.96
06/09/14	19763	Hach Company	-764.61
06/09/14	19764	Johnson Pump Company, Inc.	-1,918.73
06/09/14	19765	Mark Nicholson, Inc.	-5,170.00
06/09/14	19766	Mid Valley Supply	-414.95
06/09/14	19767	Mission Uniform Service	-584.36
06/09/14	19768	National Meter & Automation, Inc.	-4,901.20
06/09/14	19769	O'Reilly Auto Parts	-96.11
06/09/14	19770	P G & E	-27,083.26
06/09/14	19771	Razzolink.com	-807.27
06/09/14	19772	Recology San Benito County	-124.80
06/09/14	19773	San Benito Tire, Inc.	-718.83
06/09/14	19774	South Valley Internet, Inc.	-20.45
06/09/14	19775	Staples	-40.17
06/09/14	19776	Stargazer Packaging	-315.66
06/09/14	19777	U.S. Bank Corporate Payment Systems	-1,703.71
06/09/14	19778	Toro Petroleum Corp.	-1,668.86
06/13/14	19779	Hill, Kathleen A	-246.05
06/16/14	19780	Bianchi Kasavan & Pope, LLP	-826.00
06/16/14	19781	Bryce Consulting, Inc.	-620.50
06/16/14	19782	CM Analytical, Inc.	-1,920.00
06/16/14	19783	EBCO Pest Control	-55.00
06/16/14	19784	Everbank Commercial Finance, Inc.	-226.87
06/16/14	19785	Hach Company	-105.42
06/16/14	19786	HeartReady	-1,080.00
06/16/14	19787	NH3 Service Company	-1,070.45
06/16/14	19788	OnTrac	-21.38

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
06/16/14	19789	RMC Water and Environment	-2,851.09
06/16/14	19790	San Benito County Water District	-11,037.94
06/16/14	19791	Union Bank of CA, Corp Trust Div (LA)	-2,736.73
06/23/14	19792	VOID	0.00
06/23/14	19793	Estrada, Thomas A.	-150.00
06/23/14	19794	A-1 Services	-403.00
06/23/14	19795	Analytical Technology, Inc.	-204.08
06/23/14	19796	B S K Analytical Laboratories, Inc.	-713.00
06/23/14	19797	Bracewell Engineering, Inc.	-126.00
06/23/14	19798	Calcon System, Inc.	-1,758.00
06/23/14	19799	De Lay & Laredo	-2,000.00
06/23/14	19800	First Trust Alarm Company	-431.00
06/23/14	19801	Radio Shack (Crystal T.V.)	-3.79
06/23/14	19802	Staples Advantage	-310.35
06/23/14	19803	Toro Petroleum Corp.	-1,141.69
06/23/14	19804	USA BlueBook	-133.63
06/23/14	19805	Chavez, Jr., Manuel T.	-147.74
06/30/14	19806	ACWA/JPIA	-10,783.32
06/30/14	19807	CalPERS - Health Insurance	-15,472.53
06/30/14	19808	CalPERS - Retirement	-29,916.89
06/30/14	19809	Dearborn National Life Insurance Company	-288.00
06/30/14	19810	HealthSmart Benefit Solutions, Inc. (VSP)	-347.38
06/30/14	19811	Premier Access Insurance Co.	-3,311.40
06/30/14	19812	Employment Dev. Dept. (EDD) DE88 Pmts.	-8,604.36
06/30/14	19813	CalPERS - Retirement	-1,036.00
06/30/14	19814	Nationwide Retirements Solutions	-11,754.16
06/30/14	19815	United Way of Santa Cruz	-90.00
06/24/14	19816	Postmaster	-235.50
06/30/14	19817	ANITA FREDERICK	-31.56
06/30/14	19818	CATHY COLE	-31.56
06/30/14	19819	ZACHARIAS BAUTISTA	-27.99
06/30/14	19820	CBI	-367.18
06/30/14	19821	DIANA NIRNBERGER	-80.91
06/30/14	19822	ROBERT W CRUMP	-78.38
06/30/14	19823	ERLINDA HARO	-26.41
06/30/14	19824	AL's Septic Tank Service Inc.	-710.00
06/30/14	19825	Brigantino Irrigation	-39.27
06/30/14	19826	Calif. Dept. of Public Health - OCP	-90.00
06/30/14	19827	CM Analytical, Inc.	-1,780.00
06/30/14	19828	Corix Water Products	-813.12
06/30/14	19829	Hach Company	-498.33
06/30/14	19830	Hollister Auto Parts, Inc.	-14.78
06/30/14	19831	Mark Nicholson, Inc.	-4,862.00
06/30/14	19832	Mission Uniform Service	-563.84
06/30/14	19833	National Meter & Automation, Inc.	-4,966.61
06/30/14	19834	Palace Art & Office Supply	-79.00
06/30/14	19835	Petty Cash	-26.09
06/30/14	19836	Postmaster	-1,927.31
06/30/14	19837	Razzolink.com	-314.72
06/30/14	19838	Sierra Chemical Co.	-1,262.65
06/30/14	19839	Toro Petroleum Corp.	-126.55
06/30/14	19840	Verizon Wireless	-378.73
<b>Total Disbursements</b>			<b><u>-675,220.15</u></b>

Director Meraz inquired about check #19786 payable to HeartReady and General Manager/Secretary Ridenhour explained that was for CPR/First Aid Training for District staff.

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

**J. NEW BUSINESS:**

- 1. CONSIDER APPROVAL OF THE STATEMENT OF INTENT BETWEEN THE CITY OF HOLLISTER, SAN BENITO COUNTY, SUNNYSLOPE COUNTY WATER DISTRICT, AND SAN BENITO COUNTY WATER DISTRICT FOR LONG-TERM WATER SUPPLY PLAN AND MASTER PLAN UPDATE:** General Manager/Secretary Ridenhour explained that in 2008, the City of Hollister (COH), San Benito County (SBC), San Benito County Water District (SBCWD), and Sunnyslope County Water District (SSCWD) completed the Hollister Urban Area Water and Wastewater Master Plan (Master Plan). The Master Plan was completed in accordance with a Memorandum of Understanding (MOU) that dates back to 2004, and was amended in 2008 to include SSCWD. Since 2008, most of the projects identified in the Master Plan and MOU have been completed, are under construction, or are nearing construction. The current Statement of Intent lays out the guidelines of an update to the MOU for development of an updated Long-Term Water Supply Plan and Master Plan. The original Master Plan contemplated an update being necessary in 2014, to guide the agencies collaborative water and wastewater projects into the future.

On April 23, 2014, the Governance Committee received a presentation regarding the Statement of Intent, and at the June 19, 2014 meeting, the Governance Committee formally recommended each agency take the Statement of Intent back to their respective agencies for adoption and signature. The COH and SBCWD have adopted and signed the Statement of Intent at their June meetings.

The Governance Committee has also authorized the use of \$40,000 in existing approved funds (1/3 or \$13,333 to come from each agency: COH, SBCWD, and SSCWD) that are remaining in the HDR contract for the current Master Plan, which will be used to begin data collection and forecasting water use and demands in the Hollister Urban Area that will be needed for updating the Master Plan. General Manager/Secretary Ridenhour stated that San Benito County has been involved since the initial planning for the Master Plan and paid approximately six percent of the cost for the original plan. The Governance Committee is currently working on an agreement with SBC to exchange their investment portion for permit costs, which would keep SBC involved, but would not require payment for updating the plan.

General Manager/Secretary Ridenhour stated that approving the Statement of Intent has no direct fiscal impact, but it is anticipated that it is the first step in an update to the Master Plan. The update is estimated to cost SSCWD \$63,000 (for its 1/3 share), which includes the \$13,333 discussed previously, leaving approximately \$50,000 in new commitment of funds that will be owed by the District. These funds have been anticipated and were identified in the Capital Improvement list in the Fiscal Year 2014/2015 budget adopted by the Board on June 11, 2014. The actual expenditure will come to the Board for consideration in the future.

General Manager/Secretary Ridenhour pointed out in the Statement of Intent lists projects that have already been completed such as: City - Water Reclamation Facility; City - Water Recycling Project for Park Irrigation, Airport Greenery, Groundwater Percolation, and Agricultural use; SSCWD - Ridgemark Wastewater Treatment Improvements; Hollister Urban Area Water Supply and Treatment Agreement (between COH, SSCWD, and SBCWD); and the Agreement for Water Treatment Operation and Maintenance Services (between SSCWD and SBCWD).

Mr. Ridenhour pointed out the updates to the Master Plan that are more critical to SSCWD, which are the West Hills Water Treatment Plant Expansion, and the Crosstown

Water Transmission Pipeline. Director Hill asked if the plan was projecting out five years, and General Manager/Secretary Ridenhour responded that it will probably go beyond five years because it may be more development demand driven rather than tied to a specific span of years.

Upon motion made by Director Meraz, seconded by Director Clapham, and unanimously carried 5-0, the Board approved the Statement of Intent between the City of Hollister, San Benito County, Sunnyslope County Water District, and San Benito County Water District for the Long-Term Water Supply Plan and Master Plan Update.

**2. CONSIDER AWARDING THE SEWER MANHOLE REPAIR PROJECT TO DON CHAPIN COMPANY FOR AN AMOUNT NOT TO EXCEED \$101,420:**

Associate Engineer Sean Knight explained that the District's Sanitary Sewer System contains several lift stations including the one on Paullus Drive, and, when lift stations discharge into a receiving manhole, the wastewater can become turbulent and produce off-gassing (hydrogen sulfide). What happens is that the hydrogen sulfide gas will degrade the concrete of a sewer manhole over time.

Mr. Knight explained that the Operations staff discovered an off-gassing problem in four manholes, starting at the intersection of Paullus Drive and Ridgemark Drive, and continuing southwest along South Ridgemark Drive. Staff has been able to correct the problem, but the manholes need to be replaced due to the amount of corrosion in the interior. Staff had looked into just repairing the manholes instead of replacement, but due to the cost and the amount of work involved, they decided it was more cost effective to replace the manholes.

The District solicited bids from both local contractors and contractors who are currently working in the area. The District received the following bids: Don Chapin Company \$92,200; Specialty Construction Inc. \$104,650; and Mark Nicholson, Inc \$106,000. Mr. Knight stated that the Water and Wastewater Committee and District staff are recommending awarding the job to Don Chapin Company, as the low bidder, to perform the necessary construction to replace the four manholes affected by the hydrogen sulfide gas along South Ridgemark Drive and Paullus Drive. Mr. Knight added that it is standard procedure to add an additional 10% contingency to the bid, which is \$9,220, for a total not to exceed \$101,420. This practice ensures the General Manager can react quickly to any change order cost decisions if, and when, unexpected issues arise once the construction work begins. Mr. Knight noted that once the manholes are opened for repair they can not be plated and completed later, making it critical that the General Manager be able to authorize any additional change orders without the delay of having to hold a special meeting to get approval from the Board.

President Villalon suggested that Mr. Knight explain to the Board what staff has come up with to prevent the problem in the future. Mr. Knight explained that Water/Wastewater Supervisor Jim Filice found a process that should prevent the off-gassing problem that occurs when the sewer goes anaerobic. Staff has installed a small nitrate drip system in the "wet well" that prevents the sewage from becoming anaerobic and producing the undesired hydrogen sulfide gas.

Upon motion made by Director Claphman, seconded by Director Hill, and unanimously carried 5-0, the Board approved a construction contract with the Don Chapin Company for the Ridgemark manhole replacement project for an amount not to exceed \$101,420.

**K. BOARD COMMITTEE and STATUS REPORTS**

**1. Governance Committee:** General Manager/Secretary Ridenhour reported that the

committee met on June 19<sup>th</sup> and discussed the Statement of Intent and considered the recommendation from the committee to take it back for approval from the respective member agencies boards; reviewed the update on West Hills WTP Design which is nearing the 90% design complete stage and will be ready for review; and discussed the Lessalt Upgrade construction project and noted that there could possibly be a delay in receiving the filters as the contractor had some fabrication issues with the filter vendor.

2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported that the committee met twice since the last Board meeting, on June 17<sup>th</sup> and again on July 2<sup>nd</sup>. The committee discussed the bids received for the manhole replacements; the Statement of Intent; and the Chromium 6 test results. Mr. Ridenhour stated that all wells came in under the regulation except for Well #7, which came in at 13ppb (parts per billion) and the regulation is 10ppb. Staff will sample again in November as required, and staff has options to correct the problem should the test results not meet the required regulation.
3. **Finance Committee:** General Manager/Secretary Ridenhour reported that the committee did not meet in June, but are scheduled to meet on July 31<sup>st</sup>.
4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported the committee met on June 17<sup>th</sup> and completed review of Chapter 4 of the District Code and staff is in the process of reformatting before passing on to legal counsel for review. The final reformatting and review may take several months to complete and will then be brought to the Board for approval. The July meeting has been cancelled, so the next meeting is scheduled for August 19<sup>th</sup>.
5. **Personnel Committee:** General Manager/Secretary Ridenhour reported that the committee met on June 18<sup>th</sup> to discuss contract negotiations and to draft a contract to provide to staff.
6. **Water Resources Association of San Benito County (WRA):** Director Johnson reported that the next meeting is scheduled for July 10<sup>th</sup>.
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 District's Operations Summary (thru June 30, 2014), Statement of Income (thru May 31, 2014), and Investment Summary (thru June 30, 2014). Ms. Buck pointed out that we received one water capacity fee in June for a total of forty water capacity fees received year-to-date, compared to no capacity fees received in June 2013 and a total of forty-one water capacity fees year-to-date last year. She noted that we received two sewer capacity fees year-to-date, compared to one sewer capacity fee year-to-date last year.

General Manager/Secretary Ridenhour explained to the Board that he reviewed the water and sewer revenue and compared it to the rate study, and both tracked very closely to the projections.

The District's Investment Summary report reflects the total cash balance as of June 30, 2014 of \$6,981,442.96, which includes twelve-months earned interest totaling \$6,082.29. Ms. Buck pointed out that our total cash and invested funds at June 30 this year is up over \$3.7 million over last June 30. Director Hill inquired about the \$2.5 million Line-of-Credit that the District had available in the event that the Ridgemark Wastewater Treatment Plant reimbursements from the SRF were not timely, and Ms. Buck explained that loan expired on November 30, 2013, and we never needed to draw from it.

Water/Wastewater Superintendent Jim Filice reviewed the June 2014, Maintenance Staff Report. Mr. Filice pointed out #5, denoting the inspection of the two Ridgemark water tanks and the Fairview water tank is complete and he is waiting for the results; #15, denoting the District lead and copper sampling was completed; #18 & # 25, denoting the California Department of Public Health has completed their annual inspections at Sunnyslope wells and the Lessalt WTP, where they found a few minor items that have been taken care of even before receiving their report; #19, denoting our response to an electrical fire at Well #7 that was caused by a loose meter socket that sparked and then caught fire; #22, denoting the Lessalt WTP was still off in June due to both construction and the water feed being from San Justo Reservoir; and #31, denoting we met with State Revolving Fund representatives for a final inspection of the SBR unit and the fully operational wastewater treatment plant.

President Villalon inquired about the number of reported water services that were dug up this month and Mr. Filice responded that the copper lines are getting small pin holes in them and causing the leaks, which seem to happen in bunches. He noted the leaks in our system are generally easy to find because the water will show on the surface. Director Meraz inquired about #14, denoting digging up and repairing a broken PVC water meter manifold at Villa Pacheco, and he inquired if there were many of the PVC water services in the District. Mr. Filice replied that there are just a few left in the District. President Villalon also commented that the emergency calls were up this month and were up from the prior years.

During review of the Meter Reading Report for the period May 14, 2014 to June 16, 2014, Mr. Filice noted the intertie meter data indicates the City received 26.9% of Lessalt water, while the District received 73.1%. Mr. Filice noted that the water owed by the City to the District was up slightly this month since the Lessalt Water Treatment Plant (WTP) is off due to the upgrade construction. He anticipates that the water owed by the City will drop in July as the Lessalt WTP continues to be off and we will be drawing water from the City interties.

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

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported that there is a news article reporting the possibility that the State of California will be mandating a statewide restriction on Municipal and Industrial water users. Outside watering would be limited to only two days a week and have a no run-off restriction.

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

- 1. Directors:** Director Meraz stated his concern with the rate increases for the amount the City of Hollister will have to pay on higher rate tiers to maintain the green grass at the public parks and General Manager/Secretary Ridenhour stated that they pay the commercial rate which is not quite as high as the residential rate and is a flat rate per hundred cubic feet of water used.
- 2. District Counsel:** Attorney David Laredo reported that he is looking forward to reviewing the District Code once it has been reformatted.
- 3. Finance & HR Manager:** Cathy Buck reported that she will be on vacation from August 6<sup>th</sup> through August 25<sup>th</sup>.
- 4. General Manager:** General Manager/Secretary Ridenhour reported that he will be on

vacation from July 14<sup>th</sup> to July 25<sup>th</sup> and will return to work on July 28<sup>th</sup>. Mr. Ridenhour reminded the Directors that the filing for office dates are July 14<sup>th</sup> through August 8<sup>th</sup> and the Southside Road Annexation is being considered by LAFCO on July 24<sup>th</sup>, which Associate Engineer Sean Knight will be attending as Sunnyslope County Water District representative.

**M. FUTURE AGENDA ITEMS:** Amending Conflict of Interest Code Resolution; and Tyler-Knoll Subdivision Agreement.

**N. ADJOURNMENT:** Upon motion made by Director Meraz, seconded by Director Johnson, and carried 5-0, the meeting was adjourned at 6:18 p.m.

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

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