

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
May 13, 2010

A. CALL TO ORDER: The meeting was called to order at 4:45 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 Steve Hailstone, Dawn Anderson, and Dave Meraz. **ABSENT:** Director Marchel Nelson.

OTHERS PRESENT: District Manager/Secretary Bryan Yamaoka, District Engineer Ken Girouard, Superintendent Jim Filice, and Attorney Christine Kemp. (District Attorney Lloyd Lowrey and Finance & Personnel Manager Cathy Buck were absent.)

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.
2. Conference with Real Property Negotiators. Property: Purchase of lands adjacent to proposed Groundwater Treatment Plant & Evaporation Ponds. APNs 0202800430, 0202800410, 0202800420, 0202800220, 0211100270. SSCWD Negotiator Girouard. Property Owners: Brigantino, Brigantino, Ordiniza 11, Campisi, Campisi. Under negotiation: Price and terms of payment.
3. Public Employee Performance Evaluation – 54957.1
 - Employee: Bryan Yamaoka
 - Position: General Manager
 - Under Consideration: Yearly Evaluation

D. RECONVENE OPEN MEETING and REPORT ACTIONS TAKEN BY BOARD IN EXECUTIVE SESSION: President Keck convened the meeting in open session at 5:15 p.m. He reported on agenda items considered by the Board in Executive Session: No actions taken, instructions given to negotiators.

E. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS: There were no public comments.

F. READING OF MINUTES: Upon motion made by Director Anderson, seconded by Director Hailstone, and carried 4-0 (Director Nelson absent), the Board the minutes of the April 8, 2010 regular meeting were approved.

G. OLD BUSINESS: None.

H. NEW BUSINESS:

1. **PUBLIC HEARING - ENERGY SERVICE CONTRACT - Receive, Discuss, and Take Appropriate Action on Administration Building Energy Service Contract for a Power Purchase Agreement Pursuant to Government Code Sections 4217.10 -4217.18:** Secretary Yamaoka stated that the cost of electrical energy purchased from PG&E is projected to increase at the rate of 4% per year, and that the District will spend more than \$500,000 on electrical energy over the next 25 years. Entering into a contract for power purchasing through installation of a photovoltaic system on the roof of the administration building could save the District more than \$300,000.

Engineer Girouard noted that if the District installs a solar photovoltaic system now, it could benefit before currently available rebates expire. He spoke about strategies for building the most cost effective system that does not produce more energy than required and using electrical power only during low cost time periods (before noon and after 6:00 p.m.).

At 5:35 p.m., President Keck opened a public hearing for comments regarding the proposed energy service contract. There were no public comments, and the public hearing was closed at 5:42 p.m.

Upon motion made by Director Meraz, seconded by Director Anderson, and carried unanimously 4-0 (Director Nelson absent), the Board accepted the following findings, pursuant to Sections 4217.10 through 4217.18 of the California Government Code, as evidenced in the analysis presented:

(1) That the anticipated cost to the District, a public agency, for thermal and/or electrical energy or conservation services provided by the proposed energy conservation facility in the contract will be less than the anticipated marginal cost of thermal, electrical, or other energy that would have been consumed by this public agency in the absence of the purchases

(2) That the difference, if any, between the fair rental value for the real property subject to the facility ground lease and the agreed rent, is anticipated to be offset by below-market energy purchases or other benefits provided under the energy services contract.

Secretary Yamaoka reported requests for proposals were sent to twenty to thirty companies; ten attended the project walk-through; and only two companies submitted proposals, possibly due to the small size of the project.

Engineer Girouard reviewed a summary sheet comparing the two proposals received. During review, Engineer Girouard noted that purchase of Renewable Power Solutions' system at 7 years costs \$78,938 and results in a net savings of \$310,000 over 25 years; purchase at 18 years costs \$22,000 and results in a savings of \$185,000. The American Electric Services purchase cost to purchase at 18 years is \$65,000 and provides a net savings of \$153,000 over a 25-year period.

Upon motion made by Director Anderson, seconded by Director Hailstone, and carried unanimously 4-0 (Director Nelson absent), the Board authorized the District's Manager and Engineer to negotiate a contract with Renewable Power Solutions with options for purchase at 7 or 18 years, subject to a positive review by District legal council, and, if not successful, then to proceed with negotiations for a contract with American Electrical Services.

2. KENNEDY/JENKS ENGINEERS PROFESSIONAL SERVICES CONTRACT - Receive, Discuss, and Take Appropriate Action on Proposed Professional Services Contract for Preliminary Engineering Report for Lessalt Treatment Plant Modifications to Meet DBP Requirements:

Engineer Girouard stated that in September 2006, Kennedy/Jenks prepared a Preliminary Design Engineering Report (PDER) to upgrade the Lessalt Treatment Plant. Since that time, tests reveal the necessity of more complex treatment of CVP water (from the Sacramento Delta) in order to meet disinfection byproduct (DBP) regulations.

Engineer Girouard spoke about discussions with the Governance Committee and the City of Hollister for upgrading the Lessalt Treatment Plant and replacing its aged membrane filters. He reviewed in detail the contract proposal submitted by Kennedy Jenks, expanding its original PDER, including eleven tasks in the scope of services.

Engineer Girouard noted that the total cost to the Lessalt Agency is \$182,000, of which the City of Hollister and the District would each pay a 50% share of \$91,000. He recommended Board approval of the professional services contract with Kennedy/Jenks.

Upon motion made by Director Meraz, seconded by Director Hailstone, and carried unanimously 4-0 (Director Nelson absent), the Board approved the Kennedy/Jenks professional services and expenditure of \$91,000 for its 50% share of the cost, and

authorized the President to execute the contract. Director Anderson requested that in the future Kennedy/Jenks provide a definition key for acronyms used in its proposals and reports to the Board.

- 3. WATER RESOURCES ASSOCIATION OF SAN BENITO COUNTY BUDGET - Receive, Discuss, and Take Appropriate Action to Approve/Deny Water Resources Association of San Benito County Amended Budget for October 2010 to June 2011:** Secretary Yamaoka stated that a recent changes to the WRA's fiscal year necessitated a \$68,0000 increase to its current budget.

With a motion made by Director Meraz, seconded by Director Hailstone, and unanimously carried 4-0 (Director Nelson absent), the Board accepted the amended WRA budget for the period October 1, 2010 through June 30, 2011.

- 4. PROFESSIONAL SERVICES CONTRACT WITH NOLAND, HAMERLY, ETIENNE & HASS, ATTORNEYS - Receive, Discuss, and Take Action to Accept/ Deny New Rate Increase for Attorney Fees from Noland, Hamerly, Etienne & Hass, Attorneys-at-Law, and Amend Consultant Contract:** During review and discussion of an upcoming increase in fees for legal services, Secretary noted that September of 2008 was the last time there was a rate increase for legal fees. President Keck commented that the increase would be in the 4% to 5% range, which seems reasonable since it is less than actual inflation for that two-year time span.

Upon motion made by Director Anderson, seconded by Director Hailstone, and carried unanimously 4-0 (Director Nelson absent), the Board approved an increase in fees for legal services to be paid to the law firm of Noland, Hamerly, Etienne & Hass, specifically from \$225 to \$235 as the hourly rate and an increase in the flat fee for Board meeting attendance from \$440 to \$450, effective July 1, 2010.

I. BOARD AND STAFF COMMITTEE STATUS REPORTS

- 1. Governance Committee:** President Keck reported that a subcommittee of the Governance Committee is scheduled to meet on June 3rd to discuss the District's real property acquisition plans, and that he believes it is advisable to move forward as quickly as possible. President Keck stated that he appointed himself to serve on the subcommittee on behalf of the District in light of the fact that three long-time Board members will not be seeking reelection this year. Other subcommittee members are Margie Barrios, Doug Emerson, and John Tobias.

Secretary Yamaoka stated that the next regular meeting of the Governance Committee will be held at the San Benito County Water District meeting room on May 12, 2010, at 5:30 p.m.

- 2. Water Resources Association of San Benito County:** Secretary Yamaoka reported that the next WRA meeting will be held at the San Benito County Water District meeting room at 6:00 p.m. on August 5, 2010.
- 3. Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** No report.
- 4. Water Related Projects:** No report.
- 5. Lessalt Water Treatment Plant:** Engineer Girouard reported on the continuing tests using nanofiltration, MIEX treatment, actiflo carb (a sand particle flocculation process). He stated that that Dale Roskamp, who worked at Santa Clara Valley Water District on similar surface water treatment, has valuable experience and insights which he will be sharing. During his report, Engineer Girouard stated that San Justo Reservoir water is being sampled for the presence of dissolved iron and manganese, which would increase the difficulty of the treatment process; HDR is exploring cost effective alternatives for treatment.
- 6. State Revolving Fund and Stimulus Package Financing:** Engineer Girouard stated that he is still waiting for a response from the State.

7. District Operation Summary, Statement of Income, and Investment Summary; Lessalt Water Treatment Agency Investment and Disbursement Summaries; District Maintenance Report; Meter Reading Report; and Groundwater Level Measurements: The Board reviewed the April 30th District Operations Summary. During review of the March 31st Statement of Income, it was noted that operations lost a total of \$261,887 in March, with water operations showing a loss of \$313,253 and wastewater operations showing income of \$51,366. Secretary Yamaoka commented that water revenues are lower than anticipated for this time of year due to the unseasonal heavy rains.

During review of the April 30th Investment Summary, it was noted that the total fund balance is \$1,629,498.13 and includes \$20,662.90 year-to-date interest earned (10 months). Secretary Yamaoka reported that Certificate of Deposit #22 matured on April 14th and rolled over to the same low interest rate the District's other CD's are earning.

The Board also reviewed financial reports for the Lessalt Water Treatment Agency, including the April 9 through May 13, 2010 Disbursement Summary which totals \$101,852.17, and includes \$38,145 paid to San Benito County Water District for 151.029 AF of CVP water at \$200/AF plus \$49.75 energy charge for pumping 159.582 AF. The April 30th Investment Summary reflects a fund total of \$1,695,959.49 that includes year-to-date interest earned (2 months) of \$2,647.34.

During review of the April Maintenance Report, Jim Filice answered various questions from Board members about several tasks itemized in the report.

Jim Filice reviewed the Meter Reading Report for the period March 17 to April 19, 2010 and compared a report using the past calculation methodology (water pumped less water metered), showing the City would owe the District 107,138,015 million gallons; the new report, using data obtained from the intertie meters indicates the actual amount owed is 104.7 million gallons. Mr. Filice noted that the District's water loss is less than one percent this month. President Keck requested that at an upcoming meeting, the Board receive an update on the SCADA system.

During review of the groundwater level report, Mr. Filice noted that well levels are beginning the downward trend which is typical for this time of the year.

J. ALLOWANCE OF CLAIMS: The Board reviewed the District's Disbursement Summary for the period April 9 through May 13, 2010, totaling \$710,647.07, which includes: \$409,047.51 for employee compensation and accounts payable; \$298,509.38 to the City for net sewer fees collected; \$2,783.64 for customer refunds and returned checks; and \$306.54 for employee medical benefit plan reimbursements. Last check written as of May 13, 2010 was check #15003.

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
4/12/10	ACH PMT	Anthem Blue Cross of California-Jackson	-78.50
4/27/10	ACH PMT	Deluxe (Deposit Books)	-33.75
5/3/10	ACH PMT	Merchant Services (April Cr. Card Fees)	-462.00
4/19/10	ACH RET4-01	RETURNED ACH	-220.70
4/9/10	CK RET4-02	RETURNED CHECK	-300.00
4/16/10	CK RET4-03	RETURNED CHECK	-129.32
4/16/10	CK RET4-04	RETURNED CHECK	-226.70
4/22/10	CK RET4-05	RETURNED CHECK	-204.00
4/26/10	CK RET4-06	RETURNED CHECK	-141.73
4/28/10	CK RET4-07	RETURNED CHECK	-134.09
5/7/10	CK RET 5-01	RETURNED CHECK	-126.00
4/30/10	DDep 01	Alvarez, Abel	-3,584.57
4/30/10	DDep 02	Brill, Kelly L.	-4,137.68
4/30/10	DDep 03	Buck, Cathy L.	-6,253.25
4/30/10	DDep 04	Castro, Kevin G.	-3,483.51
4/30/10	DDep 05	Chavez, Jr., Manuel T.	-5,684.43
4/30/10	DDep 06	Eclarin, Ernesto P.	-4,704.06
4/30/10	DDep 07	Estrada, Thomas A.	-3,866.82
4/30/10	DDep 08	Filice, James L.	-7,733.10

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
4/30/10	DDep 09	Girouard, Kenneth R.	-6,299.30
4/30/10	DDep 10	Hagins, Patrick M.	-3,963.70
4/30/10	DDep 11	Imperatrice, Patrick L.	-5,165.07
4/30/10	DDep 12	Jackson, Patrick W.	-5,414.72
4/30/10	DDep 13	Norman, III, Walter R.	-4,892.76
4/30/10	DDep 14	Padilla, David	-4,668.82
4/30/10	DDep 15	Porteur, Carol A.	-3,401.33
4/30/10	DDep 16	Watson, Scott A.	-3,407.18
4/30/10	DDep 17	Yamaoka, Bryan M.	-8,277.03
4/30/10	DDep 18	Zavala, Anabel G.	-3,914.20
5/10/10	D Dep B1	Hailstone, Stephen B. (Dir. Dep.)	-200.00
5/10/10	D Dep B2	Keck, Doug (Dir. Dep.)	-100.00
5/10/10	D Dep B3	Meraz, David (Dir. Dep.)	-100.00
5/10/10	D Dep B4	Wiener-Smolka, Laura S. (Dir. Dep.)	-200.00
4/12/10	14883	San Benito County Clerk	-50.00
4/12/10	14884	San Benito County Clerk	-2,060.25
4/12/10	14885	Bianchi Kasavan & Pope, LLP	-225.00
4/12/10	14886	CM Analytical, Inc.	-3,780.00
4/12/10	14887	CSK Auto / Pro Shop	-50.22
4/12/10	14888	David J Powers & Associates, Inc.	-8,742.75
4/12/10	14889	Hollister-Sunnyslope W. T. A.	-46,424.93
4/12/10	14890	J L Wingert Co.	-1,254.68
4/12/10	14891	Mark Nicholson, Inc.	-4,889.41
4/12/10	14892	National Meter & Automation, Inc.	-6,942.74
4/12/10	14893	OnTrac	-39.00
4/12/10	14894	P G & E	-7,848.66
4/12/10	14895	San Benito County Water District	-136.50
4/12/10	14896	Sierra Chemical Co.	-1,109.88
4/12/10	14897	South Valley Internet, Inc.	-17.95
4/12/10	14898	Staples	0.00
4/12/10	14899	USA BlueBook	-51.02
4/13/10	14900	MANUEL CHAVEZ	-67.39
4/13/10	14901	Staples	-950.73
4/14/10	14902	Postmaster	-2,833.60
4/7/10	14862	VOID - Water Resources Assoc. of San Beni	90,950.00
4/14/10	14903	San Benito County Water District	-90,950.00
4/16/10	14904	Anthem Blue Cross of California	-12,218.00
4/16/10	14905	State Comp. Insurance Fund	-750.66
4/16/10	14906	U.S. Bank Corporate Payment Systems	-1,051.60
4/19/10	14907	A-1 Services	-353.00
4/19/10	14908	Automotive Color-01	-23.61
4/19/10	14909	Bracco's Tow & Transport	-75.00
4/19/10	14910	Calcon System, Inc.	-3,954.83
4/19/10	14911	Calif. Dept. of Public Health	-2,504.80
4/19/10	14912	City of Hollister-Finance Dept	-298,509.38
4/19/10	14913	CM Analytical, Inc.	-180.00
4/22/10	14914	Postmaster	-255.31
4/23/10	14915	Monterey Bay UAPC Dist	-1,176.00
4/28/10	14916	EBCO Pest Control	-55.00
4/28/10	14917	J L Wingert Co.	-839.21
4/28/10	14918	Local Government Publications	-119.56
4/28/10	14919	Noland Hamerly Etienne & Hoss	-3,868.65
4/28/10	14920	OnTrac	-232.50
4/28/10	14921	P G & E	0.00
4/28/10	14922	Petty Cash	-116.46
4/28/10	14923	Razzolink.com	-90.77
4/28/10	14924	Toro Petroleum Corp.	-2,307.66
4/28/10	14925	Tygris Vendor Finance	-257.85
4/29/10	14926	Postmaster	-1,717.28
4/28/10	14927	P G & E	-2,186.39
4/28/10	14928	P G & E	-5,582.31
4/30/10	14929	Employment Dev. Dept. (EDD) DE88 Pmts.	-9,194.74
4/30/10	14930	San Benito Bank	-19,139.98
4/30/10	14931	CalPERS - Retirement	-1,587.18
4/30/10	14932	Nationwide Retirements Solutions	-9,676.37

Date	Num	Name	Amount
4/30/10	14933	Sterling HSA	-2,702.50
4/30/10	14934	BAC (Beneficial Administration Company)	-246.34
4/30/10	14935	Ben-e-lect	-270.00
4/30/10	14936	CalPERS - Retirement	-34,338.73
4/30/10	14937	Fort Dearborn Life Insurance Co.	-195.50
4/30/10	14938	Premier Access Insurance Co.	-2,660.00
4/30/10	14939	State Comp. Insurance Fund	-3,855.40
4/30/10	14940	Sterling HSA	-52.50
5/3/10	14941	Calvista Insurance Agency Inc.	-16,305.00
5/3/10	14942	Paul Cahalan	-125.00
5/3/10	14943	U.S. Bank Corporate Payment Systems	-1,179.30
5/5/10	14944	Ace Hardware (Johnson Lumber Co.)	-177.78
5/5/10	14945	Anthem Blue Cross of California-Jackson	-430.00
5/5/10	14946	AT&T	-294.95
5/5/10	14947	Auto Tech Service Center, Inc.	-893.95
5/5/10	14948	AutomationDirect.com	-559.00
5/5/10	14949	B.W.S. Distributors, Inc.	-97.44
5/5/10	14950	Brigantino Irrigation	-11.49
5/5/10	14951	CM Analytical, Inc.	-7,125.00
5/5/10	14952	David J Powers & Associates, Inc.	-236.25
5/5/10	14953	Hach Company	-76.64
5/5/10	14954	Mc Donald Landscaping	-165.00
5/5/10	14955	Mission Uniform Service	-416.51
5/5/10	14956	Quinn Company	0.00
5/5/10	14957	Recology San Benito County	0.00
5/5/10	14958	San Benito Bank-Medical Exp.	-500.00
5/5/10	14959	San Benito County-Admin Office	-4,499.20
5/5/10	14960	State Water Resources Control Board-OOC	-585.00
5/5/10	14961	Sterling HSA	-8.75
5/5/10	14962	Union Bank of CA, Corp Trust Division	-2,649.72
5/5/10	14963	Verizon Wireless	-246.48
5/5/10	14964	Quinn Company	-83.65
5/5/10	14965	Recology San Benito County	-116.94
5/10/10	14966	Anderson, Dawn V.	-100.00
5/10/10	14967	Nelson, Marchel	-100.00
05/06/10	14968	STEVE BARSANTI	-63.15
05/06/10	14969	M & B CORONADO	-6.44
05/06/10	14970	GABRIEL DE LEON	-66.65
05/06/10	14971	MICHAEL DINEEN	-63.36
05/06/10	14972	CARMEN FRATER	-96.15
05/06/10	14973	LUIS GARCIA	-58.88
05/06/10	14974	MICHAEL I GOLDBERG	-150.00
05/06/10	14975	ISCHELLE GONZALES	-7.40
05/06/10	14976	IGNACIO & M GUTIERREZ	-45.36
05/06/10	14977	TAMARA HUNT	-18.81
05/06/10	14978	LEE & BELEN KATICH	-57.27
05/06/10	14979	GURDEV KAUR	-30.35
05/06/10	14980	PATRICK LOPES	-25.93
05/06/10	14981	MCS LLC	-22.14
05/06/10	14982	MORTGAGE CONTRACTING SERVICE	-78.18
05/06/10	14983	NINO DEVELOPMENT INC.	-49.47
05/06/10	14984	PAVEX CONSTRUCTION	-136.28
05/06/10	14985	PIVETTI CO	-83.98
05/06/10	14986	RON PORCELLO	-66.88
05/06/10	14987	REALTY MARKETING GROUP	-21.39
05/06/10	14988	RUBY REGALADO	-20.48
05/06/10	14989	JOE & CAROL SCAGLIOTTI	-106.71
05/06/10	14990	BERNIE SUBIA	-25.84
5/6/10	14991	Brigantino Irrigation	-19.56
5/6/10	14992	OnTrac	-64.00
5/6/10	14993	P G & E	-10,111.66
5/6/10	14994	Petty Cash	-147.63
5/6/10	14995	Toro Petroleum Corp.	-1,105.47
5/10/10	14996	Anthem Blue Cross of California	-12,948.00
5/10/10	14997	Auto Tech Service Center, Inc.	-61.26

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
5/10/10	14998	AutomationDirect.com	-51.02
5/10/10	14999	Electrical Distributors Co.	-65.39
5/10/10	15000	Hollister-Sunnyslope W. T. A.	-45,034.51
5/10/10	15001	Municipal Code Corporation	-542.98
5/10/10	15002	South Valley Newspapers (Main St Media)	-197.50
5/10/10	15003	Staples	-379.30
4/01/10 -5/04/10	1304-1307	Medical Checking - Exp Reimburse Pmts	-306.54
Total Disbursements			<u>-710,647.07</u>

Upon motion made by Director Hailstone, seconded by Director Anderson, and carried unanimously 4-0 (Director Nelson absent), the Board approved the disbursements as presented.

K. DISTRICT COUNSEL REPORT: Attorney Kemp noted that Award Homes' request for attorney fees is scheduled for hearing on May 20th, 1:00 p.m.; Board member attendance is welcome, but is not required.

L. DISTRICT ENGINEER REPORT: No report.

M. GENERAL MANAGER REPORT: No report.

N. FUTURE AGENDA ITEMS:

The next regular meeting of the Board is scheduled to be held on Thursday, June 10, 2010.

O. ADJOURN: Upon motion made by Director Hailstone, seconded by Director Anderson, and unanimously carried 4-0 (Director Nelson absent), the meeting was adjourned at 6:38 p.m.

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

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