

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
November 20, 2018

A. CALL TO ORDER: The meeting was called to order at 4:30 p.m. by President Johnson, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

B. ROLL CALL: Present: President Judi Johnson, Director Mike Alcorn, Director Robert J. Rodriguez II, and Director Honor Spencer. **Absent:** Director Ann Ross.

C. PUBLIC COMMENT ON CLOSED SESSION MATTERS: Members of the public may address the Board on the item or items listed on the Closed Session agenda, with a time limit of 3 minutes per speaker. No public comment was made.

Staff Present for Closed Session: General Manager/Secretary Don Ridenhour and Attorney Heidi Quinn.

D. CLOSED SESSION (PURSUANT TO Government Code Section 54956.9 & 54957.6): At 4:32 p.m. President Johnson closed the meeting to the public to discuss the following:

1. **Conference with Legal Counsel - Initiation of Litigation, Gov. Code § 54956.9(c):** – Two cases.

2. **Conference with Legal Counsel - Anticipated Litigation, Gov. Code § 54956.9(b):** – One case.

3. **Conference with Labor Negotiators - Labor Negotiations, (Gov. Code § 54957.6):**– Mike Alcorn, Honor Spencer.

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

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

F. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION: Attorney Heidi Quinn reported that information was provided on all items, Board provided staff with direction, and no reportable action was taken.

G. APPROVAL OF AGENDA: Upon motion made by Director Alcorn, seconded by Director Rodriguez, and carried 4-0 (Directors Ross absent), 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. No public comment was made.

Staff present for Open Session: General Manager/Secretary Don Ridenhour, Attorney Heidi Quinn, Executive Assistant/Stenographer Carol Porteur, Water/Wastewater Superintendent Jim Filice, and Associate Engineer Rob Hillebrecht.

I. CONSENT AGENDA:

1. Approval of Minutes – The Board reviewed the minutes for the Regular Meeting of October 16, 2018.
2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of October 9, 2018 through November 13, 2018, totaling \$1,639,261.93, which includes \$1,294,042.86 for payments to vendors and employees, \$339,297.41 paid to the City of Hollister for net City sewer billings, and \$5,921.66 for customer refunds and checks returned. The last check written was check #26287.

Date	Number	Name	Amount
10/15/18	ACH 1269	EFTPS	-122.40
10/16/18	ACH 1270	RETURNED ACH (ACH Ret 10-01)	-177.09
10/16/18	ACH 1271	RETURNED ACH (ACH Ret 10-02)	-177.09
10/16/18	ACH 1272	RETURNED CHECK (Ck Ret 10-01)	-182.00
10/17/18	ACH 1273	RETURNED ACH (ACH Ret 10-03)	-197.54
10/17/18	ACH 1274	RETURNED ACH (ACH Ret 10-04)	-238.16
10/17/18	ACH 1275	RETURNED ACH (ACH Ret 10-05)	-172.53
10/17/18	ACH 1276	RETURNED ACH (ACH Ret 10-06)	-163.41
10/17/18	ACH 1277	RETURNED ACH (ACH Ret 10-07)	-102.98
10/17/18	ACH 1278	RETURNED ACH (ACH Ret 10-08)	-244.93
10/17/18	ACH 1279	RETURNED ACH (ACH Ret 10-09)	-154.29
10/17/18	ACH 1280	RETURNED ACH (ACH Ret 10-10)	-144.21
10/17/18	ACH 1281	RETURNED ACH (ACH Ret 10-11)	-160.05
10/17/18	ACH 1282	RETURNED ACH (ACH Ret 10-12)	-135.93
10/17/18	ACH 1283	RETURNED ACH (ACH Ret 10-13)	-132.09
10/17/18	ACH 1284	RETURNED ACH (ACH Ret 10-14)	-360.02
10/23/18	ACH 1285	RETURNED CHECK (Ck Ret 10-02)	-117.00
10/31/18	ACH 1286	CalPERS - Retirement	-1,036.00
10/31/18	ACH 1287	CalPERS - Retirement	-2,301.68
10/31/18	ACH 1288	CalPERS - Retirement	-29,364.57
10/31/18	ACH 1289	CalPERS - Health Insurance	-13,787.35
10/31/18	ACH 1290	EFTPS	-26,714.64
10/31/18	ACH 1291	Employment Dev. Dept. (EDD) DE88 Pmts.	-11,141.25

Date	Number	Name	Amount
10/29/18	ACH 1292	ACH was used for a Deposit	0.00
11/05/18	ACH 1293	Merchant Services	-2,718.12
11/09/18	ACH 1294	RETURNED CHECK (Ck Ret 11-01)	-337.77
11/09/18	ACH 1295	RETURNED CHECK (Ck Ret 11-02)	-43.91
10/15/18	DD 2379	Alcorn, Michael H.	-92.35
10/15/18	DD 2380	Johnson, Judi H.	-92.35
10/15/18	DD 2381	Rodriguez, II, Robert J.	-277.05
10/15/18	DD 2382	Ross, Ann C.	-184.70
10/15/18	DD 2383	Spencer, Honor A.	-92.35
10/31/18	DD 2384	Alvarez, Abel	-5,808.77
10/31/18	DD 2385	Bernal, Melissa M	-2,629.16
10/31/18	DD 2386	Boltz, William K	-6,882.27
10/31/18	DD 2387	Brill, Kelly L.	-4,741.53
10/31/18	DD 2388	Buck, Cathy L.	-6,433.74
10/31/18	DD 2389	Burbank, Jr., Dee J.	-5,376.65
10/31/18	DD 2390	Castro, Kevin G.	-5,699.04
10/31/18	DD 2391	Chavez, Jr., Manuel T.	-7,498.29
10/31/18	DD 2392	Eclarin, Ernesto P.	-6,479.14
10/31/18	DD 2393	Filice, James L.	-7,444.39
10/31/18	DD 2394	Hagins, Patrick M.	-4,514.26
10/31/18	DD 2395	Hernandez, Bazilio	-5,053.87
10/31/18	DD 2396	Hillebrecht, Robert B.	-4,794.69
10/31/18	DD 2397	Jackson, Patrick W.	-5,902.46
10/31/18	DD 2398	Malko, Kim A.	-3,514.04
10/31/18	DD 2399	Norman, III, Walter R.	-5,380.24
10/31/18	DD 2400	Padilla, David	-5,309.35
10/31/18	DD 2401	Porteur, Carol A.	-4,376.48
10/31/18	DD 2402	Quick, Troy E.	-6,227.39
10/31/18	DD 2403	Ridenhour, Donald G.	-10,661.73
10/31/18	DD 2404	Sanchez, Ricardo A.	-4,592.68
10/31/18	DD 2405	Watson, Scott A.	-6,267.67
10/31/18	DD 2406	Zavala, Anabel G.	-4,301.08
10/15/18	26178	LINDA CORSBIE	-30.37
10/15/18	26179	EVELYN & FRANCISCO R MURO	-85.63
10/15/18	26180	BLANCA GOMEZ & ERIC OROZCO	-96.85
10/15/18	26181	UNDERGROUND CONSTRUCTION CO. INC.	-471.84
10/15/18	26182	Burbank, Jr., Dee J.	-116.55
10/15/18	26183	Castro, Kevin G.	-150.00
10/15/18	26184	AT&T	-95.08
10/15/18	26185	B.S.K. Analytical Laboratories, Inc.	-500.00
10/15/18	26186	Bianchi Kasavan & Pope, LLP	-682.00
10/15/18	26187	Brenntag Pacific, Inc.	-4,450.17
10/15/18	26188	Calgon Carbon Corporation	-44,436.80

Date	Number	Name	Amount
10/15/18	26189	City of Hollister-Finance Dept	-339,297.41
10/15/18	26190	EBCO Pest Control	-60.00
10/15/18	26191	Mission Uniform Service	-484.73
10/15/18	26192	OnTrac	-34.38
10/15/18	26193	Recology San Benito County	-128.51
10/15/18	26194	SBC Business Council, Inc.	-916.63
10/15/18	26195	Star Concrete	-514.61
10/15/18	26196	Trans Union LLC	-120.35
10/15/18	26197	USA Blue Book	-283.70
10/15/18	26198	Wright Bros. Indust. Supply	-48.86
10/15/18	26199	City of Hollister-Finance Dept	-23.62
10/15/18	26200	Pinnacle HealthCare	-95.00
10/22/18	26201	A-1 Services	-403.00
10/22/18	26202	Auto Tech Service Center, Inc.	-58.78
10/22/18	26203	B.S.K. Analytical Laboratories, Inc.	-1,210.00
10/22/18	26204	Brenntag Pacific, Inc.	-8,819.64
10/22/18	26205	Calif. Dept. of Pesticide Regulation	-60.00
10/22/18	26206	CM Analytical, Inc.	-21,780.00
10/22/18	26207	De Lay & Laredo	-2,100.00
10/22/18	26208	Edges Electrical Group, LLC	-759.12
10/22/18	26209	Greenwood Chevrolet	-146.47
10/22/18	26210	Hach Company	-934.10
10/22/18	26211	John Smith Road Landfill	-4,769.78
10/22/18	26212	Power Equipment Co.	-43.00
10/22/18	26213	San Benito County Water District	-421.50
10/22/18	26214	Toro Petroleum Corp.	-2,274.73
10/22/18	26215	USA Blue Book	-1,112.03
10/22/18	26216	San Benito County Water District-Pumping	-10,473.66
10/29/18	26217	BUCCANEER DEMOLITION	-639.76
10/23/18	26218	Postmaster	-196.03
10/29/18	26219	MIGUEL & KATHERINE HERNANDEZ	-87.67
10/29/18	26220	LARRI & GLORIA MASON	-28.82
10/29/18	26221	Brenntag Pacific, Inc.	-13,527.94
10/29/18	26222	Brigantino Irrigation	-74.45
10/29/18	26223	CWEA Membership- TCP	-188.00
10/29/18	26224	E.H. Wachs Co.	-1,931.62
10/29/18	26225	Grundfos CBS Inc.	-1,818.60
10/29/18	26226	Hollister Auto Parts, Inc.	-267.83
10/29/18	26227	Konica Minolta Premier Finance	-412.91
10/29/18	26228	Mc Gilloway, Ray, Brown & Kaufman	-6,540.00
10/29/18	26229	Mc Kinnon Lumber Co., Inc.	-59.54
10/29/18	26230	Palace Business Solutions	-632.64
10/29/18	26231	San Benito County Water District	-324,547.02

Date	Number	Name	Amount
10/29/18	26232	San Benito Tire Pros & Automotive	-173.65
10/29/18	26233	Specialty Construction Inc.	-467,617.55
10/29/18	26234	State Water Resources Control Board-DWOCP	-90.00
10/29/18	26235	Sunnyslope County Water - Retainage	-24,611.45
10/29/18	26236	State Water Resources Control Board-DWOCP	-60.00
10/31/18	26237	Nationwide Retirements Solutions	-24,056.35
10/31/18	26238	Dearborn National Life Insurance Company	-368.00
10/31/18	26239	HealthSmart Benefit Solutions, Inc. (VSP)	-303.01
10/31/18	26240	Postmaster	-2,053.35
10/31/18	26241	Premier Access Insurance Co.	-3,078.46
11/01/18	26242	Razzolink.com	-76.95
10/31/18	26243	Petty Cash	-64.60
11/01/18	26244	Postmaster	-22.60
10/31/18	26245	Petty Cash	-6.70
11/05/18	26246	Quick, Troy E.	-140.67
11/05/18	26247	Ace Hardware (Johnson Lumber Co.)	-636.02
11/05/18	26248	AT&T	-841.08
11/05/18	26249	Auto Tech Service Center, Inc.	-68.95
11/05/18	26250	Brenntag Pacific, Inc.	-11,635.25
11/05/18	26251	Brigantino Irrigation	-10.24
11/05/18	26252	Corix Water Products	-860.97
11/05/18	26253	Evoqua Water Technologies LLC (Siemens)	-9,986.06
11/05/18	26254	Grundfos CBS Inc.	-8.20
11/05/18	26255	Interstate All Battery Center	-171.17
11/05/18	26256	Interstate Battery System of San Jose Inc	-147.88
11/05/18	26257	Mc Master-Carr	-521.72
11/05/18	26258	Mission Uniform Service	-1,027.12
11/05/18	26259	O'Reilly Auto Parts	-36.99
11/05/18	26260	P G & E	-17,939.81
11/05/18	26261	Palace Business Solutions	-143.50
11/05/18	26262	Pinnacle Agriculture	-748.40
11/05/18	26263	Public Surplus	-66.22
11/05/18	26264	San Benito Tire Pros & Automotive	-959.51
11/05/18	26265	Toro Petroleum Corp.	-1,693.77
11/05/18	26266	USA Blue Book	-64.32
11/05/18	26267	Verizon Wireless	-295.11
11/06/18	26268	AT&T	-76.58
11/12/18	26269	Eclarin, Ernesto P.	-125.34
11/12/18	26270	AT&T	-188.71
11/12/18	26271	Auto Tech Service Center, Inc.	-920.00
11/12/18	26272	Bracewell Engineering, Inc.	-126.00
11/12/18	26273	Brenntag Pacific, Inc.	-9,130.28
11/12/18	26274	Calif. Clean Energy LLC	-5,144.87

Date	Number	Name	Amount
11/12/18	26275	Earth Systems Pacific	-9,765.27
11/12/18	26276	Kennedy/Jenks Consultants	-18,433.74
11/12/18	26277	Mc Kinnon Lumber Co., Inc.	-137.22
11/12/18	26278	Postal Graphics (was Post Net)	-65.09
11/12/18	26279	Recology San Benito County	-128.51
11/12/18	26280	South Valley Internet, Inc.	-20.45
11/12/18	26281	U.S. Bank Corporate Payment Systems	-1,364.38
11/12/18	26282	USA Blue Book	-1,313.68
11/13/18	26283	DIANE M BARRETT	-196.15
11/13/18	26284	BUCCANEER DEMOLITION	-643.86
11/13/18	26285	DAVID & CHRISTINA IRWIN	-64.01
11/13/18	26286	JAMIE K & JOHNNES P KUHLEN	-90.33
11/13/18	26287	CHRISTOS & ADAMADIA MATHEOU	-245.37
TOTAL			\$ -1,639,261.93

President Johnson asked Mr. Filice to explain check #26185 to B.S.K. Analytical Laboratories, Inc. for \$500, and Mr. Filice stated it was for mandatory sampling.

Upon motion made by Director Rodriguez, seconded by Director Alcorn, and carried 4-0 (Director Ross absent) the consent agenda was approved as presented.

J. NEW BUSINESS:

1. CONSIDER AUTHORIZING PAYMENT TO CALPERS OPEB TRUST TO INCLUDE \$15,136 TOWARD THE UNFUNDED ACTUARIAL LIABILITY (UAL), FOR A TOTAL FY 2018/19 PAYMENT OF \$25,000 FOR THE CURRENT YEAR'S FUNDING OF THE DISTRICT'S OTHER POST-EMPLOYMENT BENEFITS PLAN (Not a project under CEQA per Article 20, Section 15378): The Staff Report was prepared by Finance & Human Resource Manager Cathy Buck who could not be at tonight's meeting, so General Manager/Secretary Ridenhour presented her report. He explained that the District rejoined CalPERS health plan for employees' health insurance coverage in January, 2011. Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District's eligible retirees and eligible surviving spouses. In calendar year 2018, the minimum employer premium contribution is \$133.00 per month, which is increasing to \$136.00 per month for calendar year 2019. The employee is responsible for paying the remainder of the monthly healthcare premium in retirement. The District has been making regular annual payments to the OPEB Trust to fund the plan and has been paying down the UAL.

The District is required to have an Actuarial Valuation done every two years, and the most recent Valuation report is as of July 1, 2017.

The Net OPEB Liability as of June 30, 2018 is \$36,637, as is reflected in our audited financial statements. Our actuary, Nick Franceschine with North Bay Pensions, has updated our Actuarial Valuation for GASB No. 75 reporting, and has indicated that our Net OPEB Liability that must be reported as of June 30, 2019 is \$14,776 (based on a discount rate of 6.5%).

The report states that the discount rate was taken to be equal to the long-term expected rate of return on OPEB plan investments, 6.5%, because a projection of cash flows showed that the invested assets would be sufficient to make all projected benefit payments to current and former employees.

The discount rate is one of the many actuarial assumptions that affect the prediction of the District’s real future cost for this benefit. The actuary notes in his report that if the discount rate was lowered to 5.5%, our Net OPEB Liability would increase to \$91,572, and if the discount rate was increased to 7.5%, we would have a Net OPEB Asset of \$47,585 (be over-funded).

The annual payment the District should be making into the OPEB Trust is broken down into the following components:

1. Service Cost – funding for current employee’s future benefit.
2. Administrative Expense – funding for current year’s cost to administer plan.
3. Unfunded Actuarial Liability (UAL) Payment – shortfall of the plan’s assets to cover predicted future costs, amortized over a multi-year amortization period.

	Amortization Period				Proposed Payment
	20 years	15 years	10 years	0 years	
Service Cost	\$ 12,855	\$ 12,855	\$ 12,855	\$ 12,855	\$ 12,855
Admin. Expenses	243	243	243	243	243
UAL Payment	<u>1,017</u>	<u>1,258</u>	<u>1,746</u>	<u>14,776</u>	<u>15,136</u>
Total	\$ 14,115	\$ 14,356	\$ 14,843	\$ 27,874	\$ 28,234
Less: Pay-Go ¹					<u>(3,234)</u>
Payment to Trust					<u>\$ 25,000</u>

¹ Pay-Go is the current FY payments for minimum monthly retiree health insurance premiums paid by the District. It is netted against the current payment into the trust, rather than paying the \$28,234 to the trust and requesting reimbursement from the trust for the \$3,234.

There was discussion among the Board Members regarding the CalPERS unfunded liability and the possibility of paying down that liability as well. General Manager/Secretary Ridenhour commented that once the Crosstown Pipeline construction is complete, and after

looking at the current financial status of the District, he would like to have a Policy & Procedures Committee meeting to discuss the possibility of paying down the CalPERS unfunded liability.

Upon motion made by Director Alcorn, seconded by Director Spencer, and carried 4-0 (Director Ross absent) the Board authorized payment to CalPERS OPEB Trust to include \$15,136 toward the Unfunded Actuarial Liability, for a total FY 2018/19 payment of \$25,000 for the current year's funding of the District's other post-employment benefits plan.

2. **CONSIDER AUTHORIZING THE PURCHASE OF REPLACEMENT MEMBRANE FILTERS FOR THE LESSALT WATER TREATMENT PLANT FOR AN AMOUNT NOT TO EXCEED \$34,000. (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour stated that District staff have been doing maintenance on the membrane filters at the Lessalt Water Treatment Plant and replacing filter elements that have failed. The District's inventory of filter elements and a few small orders of replacements have been used up so a larger order is necessary to finish the work and provide an inventory for future maintenance. All 288 of the filters were replaced in late 2012 and have a life expectancy of 6 to 10 years. A total of 29 filters have been replaced in 2018 and it is expected that an additional 20 will be needed to complete our current maintenance. This purchase request will allow the District to purchase an additional 30 filter elements (\$1,000 each plus tax and shipping), which will allow approximately 10 filters to remain in inventory after the maintenance is complete. The cost of operation and maintenance of the Lessalt Water Treatment Plant is shared 50/50 with the City of Hollister and will be passed on through the District's billing to San Benito County Water District per the Operation and Maintenance Agreement for operating the treatment plant.

Upon motion made by Director Alcorn, seconded by Director Rodriguez, and carried 4-0 (Director Ross absent), the Board authorized the purchase of replacement membrane filters for the Lessalt Water Treatment Plant for an amount not to exceed \$34,000.

3. **CONSIDER MODIFICATION TO THE PUBLIC SPEAKER TIME LIMITS AT DISTRICT BOARD MEETINGS. (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour stated that at District Board Meetings the current practice as specified on the agenda allows three minutes for each member of the public who wishes to address the Board. The three minute time limit is for public comments on any District business, consent agenda items, and new business items before the Board. The Policy & Procedures Committee met on October 25th to discuss the possible modification to the three minute time limit for public comments. Specifically, the Committee discussed the use of speaker cards and limiting comments from the public to two minutes for those who choose not fill out a speaker card. The modification discussed

allowed members of the public who fill out a speaker card three minutes of time to make comments. Some agencies limit public comments at Board meetings to a shorter time period if the individual chooses not to fill out a speaker card. The Policy & Procedures Committee discussed options and decided to recommend to the Board that no change be made to the District's current practice of allowing three minutes for all public comments during Board Meetings.

If the Board decided to make a change to the public comment time limits, the proposed change discussed above could be accomplished administratively and the adopted practice would be noted on each Board Agenda as the current practice is. If public comment periods were proposed to be extended beyond 5 minutes, staff would bring a formal policy amendment back to the Board for consideration.

President Johnson stated that she has been in attendance of several meetings where a situation has become hostile and therefore would like the Board to consider modification to the current practice. She also stated that the President does have the ability to extend the time for the speaker, should they feel the time is warranted.

Upon motion made by Director Spencer, seconded by Director Alcorn, and carried 4-0 (Director Ross absent), the Board approved modification of public speaker time limits at District Board meetings to three minutes for speakers who fill out a speaker card, and to two minutes for speakers who do not fill out a speaker card.

- 4. CONSIDER APPROVAL AND AUTHORIZE THE PRESIDENT TO EXECUTE AN EXTENSION TO THE EMPLOYMENT CONTRACT WITH THE GENERAL MANAGER. (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour stated that the current General Manager employment contract with Don Ridenhour expires on December 31, 2018. Mr. Ridenhour and the Personnel Committee have discussed and recommend a one year extension to the General Manager employment contract due to ongoing negotiations with the District's management and line staff. The proposed employment contract maintains the same terms and benefits as the current contract and will expire on December 31, 2019. It is anticipated that negotiations with management and line staff will be complete in early 2019 and then a new longer term contract will be negotiated with the General Manager. The terms of the proposed one year extension require the General Manager to pay for any increases in the CalPERS retirement contributions consistent with other District staff and stipulates the General Manager will receive any cost of living increases at the same terms as granted to the management staff. The proposed contract was provided for the Board's consideration.

Upon motion made by Director Rodriguez, seconded by Director Alcorn, and carried 4-0 (Director Ross absent) the Board approved and authorized the President to execute the extension to the employment contract with the General Manager to December 31, 2019.

5. **CONSIDER APPROVAL AND AUTHORIZE THE PRESIDENT TO SIGN THE AGREEMENT FOR WATER FACILITIES AND SERVICE FOR BENNETT RANCH DEVELOPMENT (Mitigated Negative Declaration for TSM 15-93 approved by San Benito County Planning Commission Nov. 15, 2017):** Associate Engineer Rob Hillebrecht explained that the proposed Bennett Ranch Development is located east of Southside Road and south of Enterprise Road across from the Sunnyside Estates development. The development includes the creation of 84 new single family residences, along with new roadways and other improvements. The development will receive potable water and fire protection water service from Sunnyslope County Water District since it is within the District's boundary. Sunnyslope issued a Letter of Intent to serve potable water to the development on May 14, 2015. The additional water demands have been considered and addressed in the Hollister Urban Area Water Master Plan to ensure the District has sufficient water supply to serve such development.

The Agreement provided is the District's standard agreement for water facilities and service to a new development. The District currently has the capacity and ability to serve this development with potable water. Yet the Agreement acknowledges the District's right to terminate the Agreement if severe drought, or other unforeseen circumstances significantly limit its capacity or ability to serve new customers.

Upon motion made by Director Rodriguez, seconded by Director Spencer, and carried 4-0 (Director Ross absent) the Board approved and authorized the President to sign the agreement for water facilities and service for Bennett Ranch Development.

6. **DIRECT THE GENERAL MANAGER TO PREPARE AND PUBLISH THE NECESSARY NOTICES TO APPOINT OR CALL A SPECIAL ELECTION TO FILL A VACANCY ON THE BOARD OF DIRECTORS CREATED BY THE ANTICIPATED RESIGNATION OF DIRECTOR SPENCER (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour explained that Director Honor Spencer is anticipated to be elected and sworn in as the new Hollister City Council Member serving District 2 in December, which will require her resignation from the Sunnyslope County Water District Board of Directors. Due to the time it takes to fill this anticipated vacancy, staff is requesting direction from the Board to appoint or call a special election to fill the position.

California Government Code Section 1780 (attached) and Board Policy 7080 (attached) specify the method the Board of Directors may take to fill the vacancy on the Board. The

remaining Board of Directors may fill the vacancy either by appointment or by calling an election within 60 days. If a decision is not made within that timeframe, the Board's power to appoint or set an election is transferred to the County Board of Supervisors, which then has the authority to appoint a person or order the District to call an election. Should the Board of Supervisors fail to act within 90 days, the District Board is required to set an election.

If the Board decides to fill the vacancy by appointment, the appointment must be made within 60 days, or anticipated to be by the end of January, 2019. The person shall hold office until November 2020. The Board may review applications and invite those candidates that a majority of the Board determine are the most qualified, or may invite all of the candidates for an interview before the Board at its January meeting. The Board may then consider the interviewed candidates and vote to determine if a majority of the Board can agree on a selected replacement candidate. The District must notice the vacancy in three locations within the District at least 15 days prior to the appointment. Staff would prepare the notices and an application for prospective Board members. This is the process the Board followed in January/February 2017 to fill a vacancy created by a Board Member resignation.

If the Board decides to fill the vacancy by election, the process gets more complicated and staff would work with the County Elections Office to make sure we follow the appropriate codes and regulations. The election could be held on the next established election date that is 130 days or more after the date the District calls the election, which is November, 2020. The Board may also call a special election, which could happen in the next several months, but comes at a significant expense. The County Elections Office provided an estimate of \$50,000 two years ago to a small school district that they thought might be similar to Sunnyslope County Water District. There are other specific requirements outlined in California Government Code Section 1780.

Staff is requesting direction from the Board on how they wish to fill the vacancy and provide authorization to proceed with the process selected. Notice of the vacancy will be sent to the County elections official as required.

Director Alcorn expressed his concern with the Board discussing candidate qualifications in front of the other candidates. District Counsel Quinn explained the process must be conducted in open session during a public meeting. The Board agreed to have a set of questions that would be asked of each of the candidates in helping to decide on the candidate best suited for the seat on the board.

Upon motion made by Director Alcorn, seconded by Director Spencer and carried 4-0 (Director Ross absent) the Board directed the General Manager to prepare and publish the

necessary notices to appoint a new Director to fill the anticipated vacancy on the Board of Directors created when Director Spencer resigns.

7. **CONSIDER AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH BRYCE CONSULTING FOR THE PREPARTATION OF A COMPENSATION SURVEY FOR DISTRICT JOB CLASSIFICATIONS FOR AN AMOUNT NOT TO EXCEED \$11,380 (Not a project under CEQA per Article 20, Section 15378):** General Manager/Secretary Ridenhour explained that the Personnel Committee met with management staff in October and early November and is recommending a compensation survey be performed to give the District the information it needs to complete salary and benefit negotiations. Negotiations with management staff has begun and negotiations will begin with District hourly staff in the next few months once the union formation process has concluded. A salary survey of comparable agencies will be helpful to understand how the District salaries and benefits compare with other agencies. In order to expedite the survey, a proposal was solicited from Bryce Consulting, who is the firm that performed a similar comparison in early 2014. Bryce Consulting is familiar with the District's job classifications and has some baseline information from doing the work in the past. It is expected that the Personnel Committee will review 10 to 12 comparative agencies with Bryce Consulting and District staff before salary and benefits information collection begins. General Manager/Secretary Ridenhour attached a copy of Bryce Consulting's proposal to this staff report for the Boards review.

Discussion was held by the Board regarding the type of information the Board would actually receive from the compensation survey, so they may have a fair and open process with the comparative agencies.

Upon motion made by Director Alcorn, seconded by Director Rodriguez and carried 4-0 (Director Ross absent) the Board authorized the General Manager to execute an agreement with Bryce Consulting for the preparation of a compensation survey for District job classifications for an amount not to exceed \$11,380.

K. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** No meeting.
2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported that the Committee met on October 25th under a joint committee agenda, since its Board members serve on both the Water/Wastewater Committee and Policy and Procedures Committee. Discussion for the Water/Wastewater Committee was regarding the County's River Parkway design issues; and an update on the Crosstown Pipeline Construction. General Manager/Secretary Ridenhour reported that the construction of the pipeline portions of the Crosstown Pipeline project are complete. The booster pump station work at the District's

Well #2 is being delayed due to the long lead time to acquire materials and should begin in December. The project is anticipated to be complete by May of 2019 due to these material delays.

3. **Finance Committee:** No meeting.
4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported that the Committee met on October 25th under a joint committee agenda, since its Board members serve on both the Water/Wastewater Committee and Policy and Procedures Committee. Discussion for the Policy and Procedure Committee was regarding speaker time limits at Board meetings, which was discussed in agenda item J-3 tonight; and Board Member compensation, which will likely be on the December board meeting agenda.
5. **Personnel Committee:** General Manager/Secretary Ridenhour reported that the Committee has met three times since the last Board meeting. The Committee met the first time on October 24th to discuss negotiations with Management Staff, met a second time on October 30th for a closed session to discuss Management negotiations, and met the third time on November 1st to continue discussion of negotiations with Management Staff.
6. **Water Resources Association of San Benito County (WRA):** President Johnson reported that a meeting was held on November 1st to discuss the educational program; the outreach and public workshop for Sustainable Groundwater Management Act (SGMA); and a monthly Conservation Program report for October 2018. President Johnson added that the high school student's video contest regarding water did not get the expected response they were hoping for, so WRA is continuing to work on the project.
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 her monthly written narrative report on the Operations Summary (thru October 31, 2018), Statement of Income (thru September 30, 2018), and Investment Summary (thru October 31, 2018). Due to Ms. Buck's absence, General Manager/Secretary Ridenhour asked if the Board had any questions, and they did not.

The District's Investment Summary report reflects the total cash balance as of October 31, 2018 of \$11,919,168.11, which includes posted interest totaling \$80,318.08 (four months interest on the Money Market, and interest on the LAIF investment that posted in July and October).

Water/Wastewater Superintendent Jim Filice reported on the October 31, 2018 Maintenance Staff Report, and asked the Board if there were any questions. President

Johnson asked Mr. Filice to explain a couple of items which Mr. Filice thoroughly explained.

In review of the Meter Reading Report for the period of September 17, 2018 to October 15, 2018, the intertie meter data indicates the City received 4.2% of Lessalt Water Treatment Plant water, while the District received 95.8%, and the City received 100% of the West Hills Water Treatment Plant water, while the District received 0%. Mr. Filice reported that the water balance is down a little.

Water/Wastewater Superintendent Jim Filice reported on the groundwater level report stating that the levels are turning the corner and are trending up.

8. **Active Tasks Update:** General Manager/Secretary Ridenhour reported that he has been asked to sit on the Technical Advisory Committee (TAC) created by San Benito County Water District (SBCWD) for the implementation of the Sustainable Groundwater Management Act (SGMA). Mr. Ridenhour has attended TAC meetings and community workshop at the Veterans Building on November 14th. The SBCWD is the Groundwater Sustainability Agency and is preparing the required plans to meet the requirements of SGMA.

New development continues to grow within our District. Construction of the Silver Oaks Development (166 lots) on Valley View Road, Sunnyside Estates (200 lots) on Southside Road, and Fay/Bennett Subdivision (90 lots) on Southside Road have all begun construction in the last 60 days. Construction continues on additional phases of Santana Ranch Subdivision as well. All of these developments will be served water by Sunnyslope County Water District and will add significantly to new connections in the coming few years.

L. BOARD and STAFF REPORTS

1. **Directors:** No report.
2. **District Counsel:** No report.
3. **Finance and Human Resource Manager:** No report, Cathy Buck absent.
4. **Assistant Engineer:** No report.
5. **General Manager:** No report.

M. FUTURE AGENDA ITEMS: Purchase of water meter inventory; Swearing in Ceremony for re-elected Directors Alcorn, Johnson, and Ross; elect new President and Vice President for

2019, including committee assignments; Silver Oaks Development Agreement, and Directors Compensation.

N. ADJOURNMENT: President Johnson adjourned the meeting at 6:31 p.m.

APPROVED BY THE BOARD: s/ Judi H. Johnson
Judi H. Johnson, President

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