

**MINUTES**  
**Regular Meeting of the Board of Directors**  
**of the**  
**SUNNYSLOPE COUNTY WATER DISTRICT**  
**May 28<sup>th</sup>, 2024**

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

**ROLL CALL: Present in Person:** President Edward Mauro (EM), Director Dee Brown (DB), Director Michael Alcorn (MA).

**Present via teleconference:** Vice President James Parker (JP), Director Jerry Buzzetta (JB).

**B. PUBLIC COMMENTS ON CLOSED SESSION MATTERS:** The Board welcomed members of the public and opened the meeting to public comments regarding matters identified on the Closed Session agenda. No comments were received.

**C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:**

**1. Labor Negotiation Discussion (§ 54957.6)**

*Request to Open Contract Negotiations with Collective Bargaining Unit*

**2. Conference with Legal Counsel (§ 54956.9(d))**

*Potential Litigation Pertaining to Urban Area Water Supply and Treatment Agreement*

President Mauro retired to closed session at 4:35 p.m. and upon returning to the regular session, moved to take a brief recess at 5:50 p.m. The meeting was reconvened to open session at 5:52 p.m.

**D. PLEDGE OF ALLEGIANCE:** Director Brown led those in attendance in the Pledge of Allegiance.

**E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:**

**1. Labor Negotiation Discussion (§ 54957.6)**

General Status Discussion, no reportable action taken.

**2. Conference with Legal Counsel (§ 54956.9(d))**

General Status Discussion, no reportable action taken.

**F. APPROVAL OF AGENDA:** President Mauro requested a motion to approve the agenda. Director Alcorn motioned to approve the agenda, seconded by Director Brown, for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (JP), yes; (MA), yes; and (EM), yes; the motion carried 5-0.

**G. 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 comments were received.

**Staff Present for Open Session: In Person:** General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Madison Koester, Water/ Wastewater Superintendent Jose Rodriguez, Finance and HR Manager Barry Kelly, Principal Engineer Robert Hillebrecht.

**H. CONSENT AGENDA:**

1. Approval of Minutes for:

Regular Board Meeting of April 23<sup>rd</sup>, 2024

Special Board Meeting of May 15<sup>th</sup>, 2024

2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of April 1, 2024 through April 30, 2024, totaling \$3,833,088.67 which includes \$761,656.90 for payments to vendors, \$247,111.92 for Payroll, \$907,468.70 paid to the City of Hollister for collection of City sewer billings (net of our fees), and \$26,172.23 for customer refunds.

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
04/02/2024	52361	Ace Hardware (Johnson Lumber Co.)	\$125.61
04/02/2024	52362	AT&T	\$572.97
04/02/2024	52363	Auto Tech Service Center, Inc.	\$130.00
04/02/2024	52364	Brenntag Pacific, Inc.	\$15,575.57
04/02/2024	52365	Brigantino Irrigation	\$111.33
04/02/2024	52366	Calgon Carbon Corporation	\$71,697.79
04/02/2024	52367	Century Communities	\$117,550.06
04/02/2024	52368	Clean Brothers	\$150.00
04/02/2024	52369	Hach Company	\$405.94
04/02/2024	52370	Itron, Inc.	\$10,421.20
04/02/2024	52371	Mission Uniform Service	\$451.15
04/02/2024	52372	O'Reilly Auto Parts	\$14.19
04/02/2024	52373	Petty Cash	\$60.00
04/02/2024	52374	Recology San Benito County	\$342.91
04/02/2024	52375	Rexel	\$2,437.29
04/02/2024	52376	RJR Recycling	\$2,000.00
04/02/2024	52377	San Benito County Water District	\$437,272.58
04/02/2024	52379	San Benito County Water District	\$153.25
04/02/2024	52380	Star Concrete	\$852.15
04/02/2024	52381	Transene Company Inc (Shape Products)	\$161.54
04/02/2024	52382	Verizon Wireless	\$451.02
04/04/2024	ACH2827	Sterling Administration Health	\$22.75
04/05/2024	ACH2828	Principal	\$3,274.92
04/05/2024	JN00574	Net Pay	\$64,139.31
04/05/2024	JN00574	Total Tax	\$15,994.86
04/08/2024	ACH2829	Sterling Administration Health	\$20.55
04/08/2024	ACH2830	CalPERS - Retirement	\$23.08
04/08/2024	ACH2831	Sterling Administration Health	\$200.00
04/08/2024	ACH2832	CalPERS - Retirement	\$7,321.63
04/08/2024	ACH2833	CalPERS - Retirement	\$7,804.70
04/08/2024	ACH2834	Nationwide Retirements Solutions	\$8,284.87
04/08/2024	ACH2835	iCloud	\$13,178.55
04/09/2024	52401	AARON R LEDBETTER	\$93.56
04/09/2024	52402	GRANITE CONSTRUCTION,	\$3,497.35
04/10/2024	52383	ACC Business	\$1,323.29
04/10/2024	52384	Ace Hardware (Johnson Lumber Co.)	\$132.13
04/10/2024	52385	Brenntag Pacific, Inc.	\$32,795.70
04/10/2024	52386	City of Hollister-Finance Dept	\$458,649.38
04/10/2024	52387	City of Hollister-Finance Dept	\$448,819.32
04/10/2024	52388	CM Analytical, Inc.	\$11,997.50
04/10/2024	52389	Itron, Inc.	\$1,137.50

04/10/2024	52390	Meter, Valve & Control	\$4,200.00
04/10/2024	52391	Mission Uniform Service	\$889.55
04/10/2024	52392	North Bay Pensions, LLC	\$2,400.00
04/10/2024	52393	Quinn Company	\$1,520.27
04/10/2024	52394	San Benito Engineering & Surveying Inc.	\$3,760.00
04/10/2024	52395	Star Concrete	\$334.85
04/10/2024	52396	Toro Petroleum Corp.	\$5,043.86
04/10/2024	52397	TPO	\$1,175.00
04/10/2024	52398	Trans Union LLC	\$206.69
04/10/2024	52399	U.S. Bank Corporate Payment Systems	\$2,872.82
04/10/2024	52400	USA Blue Book	\$910.25
04/10/2024	ACH2836	Sterling Administration Health	\$15.63
04/11/2024	ACH2837	Colonial Life	\$1,868.26
04/11/2024	JN00577	Laif Investment	\$1,000,000.00
04/12/2024	ACH2838	ADP	\$2,221.35
04/15/2024	ACH2839	Sterling Administration Health	\$35.00
04/16/2024	ACH2840	Sterling Administration Health	\$449.80
04/17/2024	52436	DENAE LOPEZ & ANDREW PIROTTA	\$38.52
04/17/2024	ACH2841	Sterling Administration Health	\$200.00
04/18/2024	52403	A Tool Shed	\$561.40
04/18/2024	52404	Abel Alvarez	\$17.30
04/18/2024	52405	Ace Hardware (Johnson Lumber Co.)	\$530.90
04/18/2024	52406	ACWA/JPIA	\$11,172.23
04/18/2024	52407	Auto Tech Service Center, Inc.	\$13,180.00
04/18/2024	52408	Badger Meter, Inc.	\$99,562.94
04/18/2024	52409	Bracco's Towing	\$350.00
04/18/2024	52410	Brenntag Pacific, Inc.	\$3,006.28
04/18/2024	52411	Brigantino Irrigation	\$284.88
04/18/2024	52412	Bryan Mailey Electric, Inc	\$7,835.81
04/18/2024	52413	Calcon System, Inc.	\$8,075.00
04/18/2024	52414	Central Ag Supply LLC	\$480.32
04/18/2024	52415	EBCO Pest Control	\$75.00
04/18/2024	52416	exceedio	\$3,298.16
04/18/2024	52417	Extreme Air, Inc.	\$360.00
04/18/2024	52418	Fastenal Company	\$212.34
04/18/2024	52419	Grainger, Inc.	\$319.04
04/18/2024	52420	Green Line	\$1,980.00
04/18/2024	52421	Grundfos CBS Inc.	\$1,750.00
04/18/2024	52422	Hollister True Value	\$12.01
04/18/2024	52423	Iconix Waterworks (US) Inc.	\$1,809.19
04/18/2024	52424	John Smith Road Landfill	\$2,365.50
04/18/2024	52425	Kevin Castro	\$119.99
04/18/2024	52426	Mission Uniform Service	\$416.75
04/18/2024	52427	O'Reilly Auto Parts	\$202.12
04/18/2024	52428	PAPE Machinery	\$162,115.99
04/18/2024	52429	Postal Graphics	\$82.65
04/18/2024	52430	Simplot Grower Solutions	\$1,342.48
04/18/2024	52431	Toro Petroleum Corp.	\$2,069.01
04/18/2024	52432	U.S. Bank Corporate Payment Systems	\$282.01
04/18/2024	52433	USA Blue Book	\$998.40
04/18/2024	52434	UWUA Local 820	\$715.48
04/18/2024	52435	Wallace Group	\$307.50
04/18/2024	ACH2842	Sterling Administration Health	\$423.62

04/18/2024	JN00576	Net Pay	\$63,560.36
04/18/2024	JN00576	Total Tax	\$16,685.93
04/23/2024	52439	Roto-Rooter	\$36,000.00
04/23/2024	ACH2843	CalPERS - Retirement	\$23.08
04/23/2024	ACH2844	CalPERS - Retirement	\$7,312.89
04/23/2024	ACH2845	CalPERS - Retirement	\$7,595.18
04/23/2024	ACH2846	Nationwide Retirements Solutions	\$8,290.75
04/23/2024	ACH2847	CalPERS - Health Insurance	\$30,951.40
04/24/2024	ACH2848	Sterling Administration Health	\$212.00
04/25/2024	52440	A-1 Services	\$403.00
04/25/2024	52441	Ace Hardware (Johnson Lumber Co.)	\$135.29
04/25/2024	52442	Brenntag Pacific, Inc.	\$58,430.14
04/25/2024	52443	Brigantino Irrigation	\$115.76
04/25/2024	52444	Central Ag Supply LLC	\$408.38
04/25/2024	52445	Corbin Willits Systems, Inc. (MOM's)	\$150.00
04/25/2024	52446	De Lay & Laredo	\$2,962.50
04/25/2024	52447	exceedio	\$4,369.64
04/25/2024	52448	Filmtec Corporation	\$10,948.75
04/25/2024	52449	Kelly Roberts	\$100.00
04/25/2024	52450	MANCO	\$4,920.84
04/25/2024	52451	Mission Uniform Service	\$507.07
04/25/2024	52452	Quinn Company	\$352.74
04/25/2024	52453	RJR Recycling	\$2,000.00
04/25/2024	52454	San Benito County Water District	\$453,253.09
04/25/2024	52456	Star Concrete	\$600.88
04/25/2024	52457	State Water Resources Control Board-DWOCF	\$60.00
04/25/2024	52458	ULINE	\$72.77
04/25/2024	52459	USA Blue Book	\$996.32
04/25/2024	52460	UWUA Local 820	\$692.40
04/25/2024	52461	Verizon Wireless	\$482.31
04/25/2024	52462	Wallace Group	\$3,668.75
04/29/2024	ACH2849	Sterling Administration Health	\$180.00
04/30/2024	ACH2850	P G & E	\$22,542.80

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3. Receive Associate Engineer Monthly Status Report. (April Report Not Available)

Director Buzzetta requested to pull the special meeting minutes from May 15<sup>th</sup>, 2024, due to an omission in item H2. Instead of pulling the minutes, President Mauro opened the item for discussion. Director Buzzetta wanted his comments pertaining to The Hollister Urban Area Water Supply and Treatment Agreement included in the minutes. The following excerpt was added in the special meeting minutes from May 15<sup>th</sup>, 2024 to satisfy his request; "Director Buzzetta voiced his concerns pertaining The Hollister Urban Area Water Supply and Treatment Agreement including a \$175 resiliency charge and the absence of requested financial documentation explaining raw water costs, something the district has been seeking for the last year. Director Buzzetta requested to seek a motion to proceed with good faith negotiations with San Benito County Water District, but due to

technical difficulties the District's attorney, Michael Laredo, dropped off the Zoom call. Without the District attorney present Board President Mauro did not feel comfortable proceeding with a motion, to which General Manager Lander suggested bringing back the item in the following board meeting." President Mauro then asked for public comment and upon receiving none, President Mauro requested a motion to approve the consent agenda. Upon a motion made by Director Alcorn to approve the Consent Agenda with the request articulated by Director Buzzetta , seconded by Director Brown, for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (JP), yes; (MA), yes; and (EM) yes; the motion carried 5-0.

## **I. NEW BUSINESS:**

- 1. 2024 RATE MODEL PRESENTATION – Raftelis Financial Consulting Will Present The Draft Water And Wastewater Rate Study Report To Address Financial Needs Of The District For A 5 Year Period. The Board Will Consider And Approve A Motion To Accept The Conclusions Of The Financial Plan And Associated Rates, Initiate The 218 Process With Subsequent Motion To Distribute 218 Notices And Conduct The Submission And Tabulation Of Protests Per District Resolution No 527 And Schedule A Public Hearing For July 23, 2024. Staff report prepared by General Manager, Drew A. Lander. Presentation Provided By Theresa Jurotich, Raftelis Consultant.**

**PUBLIC HEARINGS - Receive Presentations by Raftelis Financial Consultants and Authorize the Following:**

- 1. Presentation of the Water Fund Financial Plan and Proposed Water Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.**
- 2. Presentation of the Wastewater Fund Financial Plan and Proposed Wastewater Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.**

Teresa Jurotich, a consultant from Raftelis, presented the Water & Wastewater Rate Study slideshow presentation that was given at the May 15<sup>th</sup>, 2024, special board meeting seeking approval to send out prop 218 notices to customers and begin the rate adoption. Miss Jurotich started the presentation by reviewing the estimated costs of future capital projects and emphasizing the approximate 18% increase in compound inflation since the last time Sunnyslope changed their rates. Director Buzzetta questioned the West Hills Expansion and ASR projects; he originally believed them to be grant funded not debt financed. Additionally, Director Buzzetta commented on the District not yet approving these projects. To which General Manager Lander informed him that \$20 million of the West Hills project is funded by grants, and although the District has intentions on moving forward with the two projects, rates can be revisited if the projects don't come to fruition.

Teresa Jurotich continues her presentation by reviewing the proposed 5-year schedule for fixed water and volume rates, discussing the current share of Water Rate Revenues. To which General Manager Lander commented that there were no suggested changes to the percentages, to encourage water conservation. In turn, the rate study suggests simplifying wastewater rates by setting a fixed rate, ensuring revenue stability.

Director Buzzetta questioned whether the reliability charge is part of the cost of raw water that was calculated for the rate study, or if it was left out because the board has yet to agree to it. Miss Jurotich confirmed that the reliability charge was considered for raw water purchase costs. Director Buzzetta then questioned how the rates would be affected

if the board decided to not approve that charge, to which Miss Jurotich reminded him that the District can go back and reassess if that's the case and change the percentage increases in future years. Director Alcorn then questioned if the District could unilaterally decrease rates, to which General Manager Lander replied that rates can be decreased unilaterally if it's feasible.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Brown made a motion to accept the conclusions of the financial plan and associated rates, initiate the 218 process with subsequent motion to distribute 218 notices and conduct the submission and tabulation of protests per district resolution no 527 and schedule a public hearing for July 23, 2024. This motion was seconded by Director Alcorn for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), no; (MA) yes; (JP) yes; and (EM), yes; the motion carried 4-1.

**2. Consider A Motion Authorizing The Governance Committee To Proceed With Good Faith Negotiations With SBCWD Under Article 7 Of The Hollister Urban Area Water Supply And Treatment Agreement – Recommendation Of The Governance Committee**

General Manager Lander spoke on this item, informing the board that the Governance Committee met and had discussion on the Hollister Urban Area Water Supply and Treatment Agreement, specifically three items of contention that have been discussed on multiple occasions. Those items include wording in the agreement that allows San Benito County Water District the authorization to tell Sunnyslope and the City to use more water than they intend to, funding of the expansion of West Hills, and additional language on how the districts approve the quantity of water being distributed. With these contentions, the Governance Committee suggests sending a letter to San Benito County Water District acting on Article 7 of the agreement. Step 1 of Article 7 reads "Managers or other persons designated by disputing parties will negotiate on behalf of the entities they represent," which was decided amongst the Districts to be the Governance Committee.

Director Buzzetta commented that there are more issues within the agreement, including the lack of accounting backup on raw water costs that has been being requested by Sunnyslope for the last 14-15 months and the moving forward on projects that have yet to obtain the proper approval. Therefore, Director Buzzetta believes the district should move forward on Article 7 of the Hollister Urban Area Water Supply and Treatment Agreement within a two-month timeframe to ensure a resolution is reached in a timely manner. Director Alcorn commented that maybe putting a timeline on it wouldn't be the best course of action as the District is still pursuing good faith negotiations and making good progress, therefore it might cause tension putting a timeline on a resolution. Directors have back and forth conversation on enacting a two-month timeline, where Director Parker comments that with the temporary General Manager at San Benito it's important to move quickly.

President Mauro comments that the City of Hollister needs to be brought in on these discussions, to which Director Buzzetta agrees, but he also believes Sunnyslope needs to move forward even if the City doesn't.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Buzzetta made a motion to write a letter to San Benito County Water District sent from council that due to material breaches in the agreement the District would like to proceed to the dispute resolution step 1, the goal being to have resolution within 2 months or proceed to step 2.

This motion was seconded by Director Parker for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (JP) yes; (MA) yes; and (EM), yes; the motion carried 5-0.

**J. BOARD COMMITTEE and STATUS REPORTS**

1. **Governance Committee:** (Meeting held May 21<sup>st</sup>.)
2. **Water/Wastewater Committee:** (No Meeting.)
3. **Finance Committee:** (Meeting held May 10<sup>th</sup>.)
4. **Policy and Procedure Committee:** (No meeting.)
5. **Personnel Committee:** (Meeting held May 7<sup>th</sup>.)
6. **Water Resources Association of San Benito County (WRA):** (No Meeting.)

**K. BOARD and STAFF REPORTS**

1. **Directors:** No Report.
2. **District Counsel:** Attorney Michael Laredo reported that the District has received their check from the ongoing lawsuit with the county and everything is in its final stages.
3. **General Manager:** GM Lander reported that there will need to be a special board meeting to go up and see the completed solar fields, which is tentatively being set for June 4<sup>th</sup>, 2024. In addition to the solar fields, the District is making great progress on several other projects thanks to the new office engineering support. This includes the Cielo Vista Sewer Project that should have a June completion date, in time for the incoming college. Mr. Lander concluded his report by informing the board of the intention to bring fiscal year 2024-2025 budget to the next regularly scheduled board meeting.

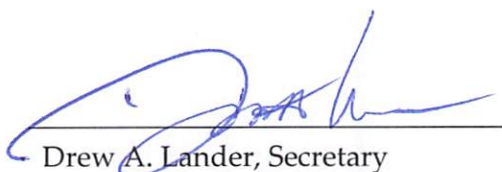
**L. FUTURE AGENDA ITEMS:** Special Meeting on June 4<sup>th</sup> for Solar Field Ribbon Cutting & FY 2024-2025 Budget

**M. ADJOURNMENT:** President Mauro adjourned the meeting at 6:54 p.m.

APPROVED BY THE BOARD:

  
\_\_\_\_\_  
Edward J. Mauro, President

RESPECTFULLY SUBMITTED:

  
\_\_\_\_\_  
Drew A. Lander, Secretary