

Staff Report

Agenda Item: **F – 1**

DATE: October 1, 2021 (October 5, 2021 Special Meeting)

TO: Board of Directors

FROM: Drew A. Lander, General Manager

SUBJECT: Consider Approval of a Resolution of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act (Not a project under CEQA per Article 20, Section 15378).

RECOMMENDATION:

Approve and authorize the President to sign a Resolution of the Board authorizing remote teleconference meetings of all district legislative bodies for the following 30 days as provided by law.

BACKGROUND:

In September 2021 Governor Newsom signed into effect AB 361, authorizing public agencies to meet remotely during declared state emergencies with Brown Act modifications to ensure continued delivery of critical public services. This measure authorizes SSCWD to hold public meetings through teleconferencing. In essence, AB 361 allows SSCWD to continue to conduct virtual meetings as long as there is a state-proclaimed state of emergency.

AB 361 amends the Brown Act to allow SSCWD to continue using teleconferencing and virtual meeting technology as long as:

- There is a “Proclaimed State of Emergency;”
- State or local officials impose or recommend measures that promote social distancing; or
- SSCWD’s Board finds that, by a majority vote, meeting in person would present an imminent safety risk to attendees.

Though adopted in the context of the COVID pandemic, AB 361 allows for virtual meetings during other state-proclaimed emergencies, such as earthquakes or wildfires, where physical attendance may present a risk.

The March 4, 2020 Proclamation of State of Emergency is still in effect, though certain provisions have expired. An Emergency Proclamation is not terminated until the Governor, or Legislature, proclaims

it to be terminated. (GC 8629.) Accordingly, the current State of Emergency will remain until it is terminated with a Proclamation Terminating the State of Emergency.

AB 361 Remote Meeting Findings Required:

If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to meet remotely, SSCWD must make the following findings by majority vote:

- SSCWD has reconsidered the circumstances of the state of emergency; and
- Any of the following circumstances exist:
 - The state of emergency continues to directly impact the ability of the members to meet safely in person; or
 - State or local officials continue to impose or recommend measures to promote social distancing.

These findings must be made no later than 30 days after meeting remotely for the first time and every 30 days thereafter.

AB 361 will sunset on January 1, 2024.

FISCAL IMPACT:

No change in the fiscal impact is anticipated with the continuation of remote access for District public meetings. The cost of online access software is paid up through June 2022.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

RESOLUTION No. 562

**A Resolution of the Board of Directors of the Sunnyslope County Water District –
Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency
Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all
District Legislative Bodies for the Following 30 Days
In Accord with the Ralph M. Brown Act**

FACTS

1. The Board of Directors is committed to preserving and nurturing public access and participation in meetings of the Boards; and
2. All meetings of District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and observe District legislative bodies conduct business; and
3. The Brown Act, Government Code section 54953(e), enables remote teleconferencing participation in meetings by members of a legislative body, without strict compliance with requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and
4. One required condition is that a state of emergency has been declared by the Governor of the State of California pursuant to Government Code section 8625, proclaiming existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and
5. A proclamation is made that there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the District's jurisdiction, caused by natural, technological, or human-caused disasters; and
6. State or local officials have imposed or recommended measures to promote social distancing, or, that having the legislative body meet in person would present imminent risks to the health and safety of attendees; and
7. The Board of Director's affirms these conditions now exist in its jurisdiction. Specifically, on March 4, 2020, the Governor proclaimed a State of Emergency to exist as a result of the threat of COVID-19. That Proclamation has not been terminated by either the Governor or the Legislature pursuant to Government Code section 8629; and
8. Despite sustained efforts to remedy this circumstance, the District determines that meeting in person poses an imminent risk to health and safety of attendees due to the COVID-19 virus and its variants; and

9. The Board of Directors finds the emergency created by the COVID-19 virus and its variants has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor and similar local health orders that require social distancing; and
10. As a consequence of the local emergency, the Board of Directors determines that all legislative bodies of the District are required to conduct their meetings without full compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that those District legislative bodies shall comply with the requirements to provide public access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and
11. Each District legislative body shall continue to conduct meetings with public access available via call-in or internet-based service options and the public shall be allowed to address the legislative body directly in real time; and
12. This Resolution shall authorize the General Manager to establish and maintain platforms necessary for each District legislative body to hold teleconference meetings and provide an avenue for real-time public comments for such meetings; and
13. The Board of Directors finds the introduction and adoption of this resolution is not subject to the California Environmental Quality Act (CEQA) as the activity is not a project as defined in Section 15378) of the CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SUNNYSLOPE COUNTY WATER DISTRICT:

SECTION 1. RECITALS. The foregoing Findings are true and correct and are adopted by the Board of Directors as though set forth in full.

SECTION 2. PROCLAMATION OF LOCAL EMERGENCY. The Board of Directors hereby proclaims that a local emergency now exists throughout the District, and meeting in person would present imminent risk as a result of the COVID-19 virus and its variants.

SECTION 3. RATIFICATION OF PROCLAMATION OF A STATE OF EMERGENCY. The Board of Directors hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

SECTION 4. REMOTE TELECONFERENCE MEETINGS. The General Manager and legislative bodies of Sunnyslope County Water District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

SECTION 5. EFFECTIVE DATE OF RESOLUTION. This Resolution shall take effect immediately upon its adoption and shall be remain in effect for a period of 30 days, or until such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which District legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE SUNNYSLOPE COUNTY WATER DISTRICT this _____ day of _____ 2021, by the following vote:

AYES: Directors:
NAYS:
ABSENT:

SUNNYSLOPE COUNTY WATER DISTRICT:

Signed: _____
Jerry Buzzetta, President

(seal)

ATTEST:

By: _____
Drew A. Lander, Secretary of the Board of Directors

Staff Report

Agenda Item: F-2

DATE: September 29, 2021 (October 5, 2021 meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager

SUBJECT: Consider Approval and Authorize the General Manager to Pay in Full the City National Bank Loan in the Amount of \$2,540,827.74 (Not a project under CEQA per Article 20, Section 15378)

RECOMMENDATION:

Staff recommends the board approve a resolution of the Board authorizing the General Manager to take appropriate action to Pay in Full the City National Bank Loan in the Amount of \$2,540,827.74.

BACKGROUND:

In 2014 the Board authorized staff to refinance the balance of funds used to construct the Ridgemark Wastewater Treatment Plant. This loan was initiated with the Municipal Finance Corporation through City National Bank at a rate of 3.4%. At that time this was a very good rate. Presently rates are lower than the rate of the current loan and the District would benefit from refinancing the loan. This however comes with additional costs. The District has sufficient reserves at this time to pay off the remaining balance which are presently earning less than 0.25% in the County Local Agency Investment Fund (LAIF). The loan has just over 7 years left on the current loan and represents approximately \$360K in interest payments remaining to be paid.

Paying off the loan now would allow the District to save nearly \$360K in interest payments over the next 7.5 years. Recently staff had researched investment strategies for the reserves that the District holds. No investment is risk free, except in the case where paying off a current loan immediately saves the District the cost of future interest payments. If the District were to invest the \$2500K current held in Heritage Money Market, in revolving investment strategies, the best returns are expected to be between 1% and 1.5%. By using District funds to pay off the Wastewater loan the resulting savings may be divided back into the Water and Wastewater funds.

FISCAL IMPACT:

The District will pay off the City National Bank Loan of \$2,540,827.74 including the 1% prepayment penalty of \$23,484.62 using General Reserves. The District currently holds

sufficient funds in the general reserves to pay the balance of the loan and in doing so the interest that would otherwise be paid to the current lender will remain with the District in the amount of \$353,636.60. These savings will be realized over the years following the payoff and the accrued savings will be split between the Water and Wastewater funds at a ratio of 60%/40%. The Water Treatment fund will earn a 2% interest rate on the pledged funds and the customers of the Wastewater system will receive a reduction in the interest rate charged by 1.34%. The combined savings is greater than any investment strategy the District could exercise at this time with the money required for the loan payoff.

ENVIRONMENTAL IMPACT:

The proposed action is not a project under CEQA per Article 20, Section 15378.

ATTACHMENTS:

1. City Nation Bank loan amortization schedule.
2. Resolution 559 – City National Bank Loan Payoff

RESOLUTION NO. 599

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
SUNNYSLOPE COUNTY WATER DISTRICT**

**AUTHORIZING THE GENERAL MANAGER TO TAKE
APPROPRIATE ACTION TO PAY IN FULL THE CITY NATION BANK
LOAN IN THE AMOUNT OF \$2,540,827.74**

WHEREAS, The Sunnyslope County Water District (the "District") is a county water district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District desires to prepay that certain Loan Agreement #14-018 entered into between Municipal Finance Corporation and the District and dated October 1, 2014; and

WHEREAS, the remaining balance and fees at payoff are calculated to be \$2,540,827.74; and

WHEREAS, the District currently holds sufficient General Reserves in excess of \$18M; and

WHEREAS, prepayment of the loan will avoid interest payments in the amount of \$353,636.60.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Sunnyslope County Water District, does hereby resolve, determine, find, and order that the General Manager shall be directed to take necessary steps to pay in full the remainder of the loan established through Agreement #14-018 and held by City National Bank; and

BE IT FURTHER RESOLVED, that the interest payment savings accrued shall be split between the Water and Wastewater accounts of the District at a 60/40 split.

PASSED AND ADOPTED at a Special Meeting of the Board of Directors of the Carmel Area Wastewater District duly held on October 5, 2021 by the following vote:

AYES: Directors:
NAYS:
ABSENT:

SUNNYSLOPE COUNTY WATER DISTRICT:

Signed: _____
Jerry Buzzetta, President

(seal)

ATTEST:

By: _____
Drew A. Lander, Secretary of the Board of Directors

Loan Amortization Schedule

Enter values	
Loan amount	\$ 3,943,125.57
Annual interest rate	3.40 %
Loan period in years	15
Number of payments per year	2
Start date of loan	10/16/2014
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 168,881.16
Scheduled number of payments	30
Actual number of payments	30
Total early payments	\$ -
Total interest	\$ 1,123,309.23

Lender name: **Municipal Finance Corporation - City National Bank (Loan Agree. #14-018)**

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	4/16/2015	\$ 3,943,125.57	\$ 168,881.16	\$ -	\$ 168,881.16	\$ 101,848.03	\$ 67,033.13	\$ 3,841,277.54	\$ 67,033.13
2	10/16/2015	3,841,277.54	168,881.16	-	168,881.16	103,579.44	65,301.72	3,737,698.10	132,334.85
3	4/16/2016	3,737,698.10	168,881.16	-	168,881.16	105,340.29	63,540.87	3,632,357.81	195,875.72
4	10/16/2016	3,632,357.81	168,881.16	-	168,881.16	107,131.08	61,750.08	3,525,226.73	257,625.80
5	4/16/2017	3,525,226.73	168,881.16	-	168,881.16	108,952.31	59,928.85	3,416,274.42	317,554.65
6	10/16/2017	3,416,274.42	168,881.16	-	168,881.16	110,804.49	58,076.67	3,305,469.93	375,631.32
7	4/16/2018	3,305,469.93	168,881.16	-	168,881.16	112,688.17	56,192.99	3,192,781.76	431,824.31
8	10/16/2018	3,192,781.76	168,881.16	-	168,881.16	114,603.87	54,277.29	3,078,177.89	486,101.60
9	4/16/2019	3,078,177.89	168,881.16	-	168,881.16	116,552.14	52,329.02	2,961,625.75	538,430.62
10	10/16/2019	2,961,625.75	168,881.16	-	168,881.16	118,533.52	50,347.64	2,843,092.23	588,778.26
11	4/16/2020	2,843,092.23	168,881.16	-	168,881.16	120,548.59	48,332.57	2,722,543.64	637,110.83
12	10/16/2020	2,722,543.64	168,881.16	-	168,881.16	122,597.92	46,283.24	2,599,945.72	683,394.07
13	4/16/2021	2,599,945.72	168,881.16	-	168,881.16	124,682.08	44,199.08	2,475,263.64	727,593.15
14	10/16/2021	2,475,263.64	168,881.16	-	168,881.16	126,801.68	42,079.48	2,348,461.96	769,672.63
15	4/16/2022	2,348,461.96	168,881.16	-	168,881.16	128,957.31	39,923.85	2,219,504.65	809,596.48
16	10/16/2022	2,219,504.65	168,881.16	-	168,881.16	131,149.58	37,731.58	2,088,355.07	847,328.06
17	4/16/2023	2,088,355.07	168,881.16	-	168,881.16	133,379.12	35,502.04	1,954,975.95	882,830.10
18	10/16/2023	1,954,975.95	168,881.16	-	168,881.16	135,646.57	33,234.59	1,819,329.38	916,064.69
19	4/16/2024	1,819,329.38	168,881.16	-	168,881.16	137,952.56	30,928.60	1,681,376.82	946,993.29
20	10/16/2024	1,681,376.82	168,881.16	-	168,881.16	140,297.75	28,583.41	1,541,079.07	975,576.70
21	4/16/2025	1,541,079.07	168,881.16	-	168,881.16	142,682.82	26,198.34	1,398,396.25	1,001,775.04
22	10/16/2025	1,398,396.25	168,881.16	-	168,881.16	145,108.42	23,772.74	1,253,287.83	1,025,547.78
23	4/16/2026	1,253,287.83	168,881.16	-	168,881.16	147,575.27	21,305.89	1,105,712.56	1,046,853.67
24	10/16/2026	1,105,712.56	168,881.16	-	168,881.16	150,084.05	18,797.11	955,628.51	1,065,650.78
25	4/16/2027	955,628.51	168,881.16	-	168,881.16	152,635.48	16,245.68	802,993.03	1,081,896.46
26	10/16/2027	802,993.03	168,881.16	-	168,881.16	155,230.28	13,650.88	647,762.75	1,095,547.34
27	4/16/2028	647,762.75	168,881.16	-	168,881.16	157,869.19	11,011.97	489,893.56	1,106,559.31
28	10/16/2028	489,893.56	168,881.16	-	168,881.16	160,552.97	8,328.19	329,340.59	1,114,887.50
29	4/16/2029	329,340.59	168,881.16	-	168,881.16	163,282.37	5,598.79	166,058.22	1,120,486.29
30	10/16/2029	166,058.22	168,881.16	-	168,881.16	<u>166,058.22</u>	<u>2,822.94</u>	0.00	1,123,309.23

TOTALS :

\$ 5,066,434.80 \$ 3,943,125.57 \$ 1,123,309.23 Current - Acct. #210.07 Long-term - Acct. #239

Staff Report

Agenda Item: **F – 3**

DATE: September 29, 2021 (October 5, 2021 Special Meeting)

TO: Board of Directors

FROM: Drew A. Lander, General Manager

SUBJECT: Ratify Maintenance Expenditure Exceeding General Manager spending Authorization in an amount not to exceed \$50,000 for Storage Building Roof Replacement (CEQA Categorically Exempt 15301 (d)).

RECOMMENDATION:

It is recommended that the Board of Directors ratify the amended contract amount authorized by the General Manager with Sharp Engineering & Construction in an amount not to exceed \$50,000 for roof structure replacement.

BACKGROUND:

In September the Crew Chief engaged several local contractors to solicit estimates for the replacement of the roof on the Well #2 storage building. Public Works contracting law dictated all work to be performed per the Department of Industrial Relations (DIR) requirements. This building is used to store materials and equipment used by the maintenance department and over the past several years the roof has been failing exposing stored materials to water damage. Staff planned to repair this roof this year.

Sharp Engineering & Construction Inc. was chosen to perform the work having provided a cost estimate not to exceed \$20,000 in roofing material and repair. After one day of clearing the old roofing the contractor requested a site meeting to discuss the extent of the dry-rot and active termite damage.

The wood damage was observed to have extended into the primary roof structure of the storage building and it was determined that a new roof frame would be required prior to reroofing the building. The General Manager acting as the District Engineer provided engineering design direction to the contractor to remove and replace the existing structure. To avoid leaving the building without a roof, and to take advantage of the contractor's current mobilization, the contractor was directed to replace the roof as directed consistent with local design requirements and seismic regulations.

FISCAL IMPACT:

Funds for this repair are proposed to be allocated from the Capital Improvement Reserve fund (Current value \$1,709,419) as the new roof structure exceeds the repair threshold originally contemplated as a maintenance project. Replacement of the roof not to exceed \$50,000.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

Staff Report

Agenda Item: F - 4

DATE: October 1, 2021 (October 5, 2021 Special Meeting)

TO: Board of Directors

FROM: Rob Hillebrecht, Associate Engineer

SUBJECT: Authorize the General Manager to Execute a Contract Change Order with Able Septic to Hydro Clean and Video the Industrial Wastewater Transmission Pipeline for a Cost Not to Exceed \$25,000 (Not a project under CEQA per Article 20, Section 15378)

RECOMMENDATION:

Staff recommends the Board authorize the General Manager to execute a Contract Change Order with Able Septic to hydro clean and video the industrial wastewater transmission pipeline for a cost not to exceed \$25,000.

BACKGROUND:

Sunnyslope Water District has operated the Hollister Industrial Wastewater Treatment Plant (IWTP) under a contract with San Benito Foods for the 2021 season. The tomato canning season is now finished for San Benito Foods and preparations are being made to turn the IWTP facility over to the City of Hollister for the winter in accordance with the agreement between San Benito Foods and the City of Hollister. One of the requirements in this transition of operation is that the sewer transmission pipeline from the cannery to the IWTP must be cleaned and inspected prior to the City's winter operation. This pipeline runs down Hawkins St. and South St. which join at Powell St. then continue west in South St. to the IWTP. Approximately 10,800 linear feet of 18"-30" pipe needs to be cleaned and inspected.

Sunnyslope has a current contract with Able Septic for the cleaning and video inspection of all Sunnyslope's wastewater collections system in Ridgemark, Quail Hollow, and Oak Creek which was approved in the March 2021 Board Meeting. Staff received an estimated cost from Able of \$22,600 to clean and video the IWTP transmission pipeline. This is consistent with their bid for the Ridgemark CCTV project. Moreover, Able can mobilize and conduct the work in October, before significant rainfall is anticipated.

FISCAL IMPACT:

Ultimately, there will be no financial impact to Sunnyslope for this change order. The initial impact will be an expense not to exceed \$25,000 which will be invoiced to Sunnyslope as part of the Ridgemark Sewer Collection System Inspection project. However, this cost will be fully reimbursed to Sunnyslope by San Benito Foods in accordance with the Industrial Wastewater Treatment Plant Operation Contract. A contingency of about 10% is included above Able's estimate.

ENVIRONMENTAL IMPACT:

This action is not a project under CEQA per Article 20, Section 15378.