

REGULAR AGENDA

6. **Presentation by Francisco Diaz, San Benito County Clerk- Recorder, on Assembly Bill 1466 (AB 1466) – Removal of Unlawful, Discriminatory, and Restrictive Covenant Provisions from Recorded Documents**

Mr. Francisco Diaz, San Benito County Clerk-Recorder and Ms. Jacqueline Taylor, Senior Recorder, were in attendance. Ms. Taylor presented a PowerPoint on AB 1466. In conclusion, Mr. Diaz stated there would not be any cost to the owner, if a document has to be re-recorded, removing the unlawful or discriminatory wording from a deed.

7. **Consider Awarding a Contract to Specialty Construction, Inc. for the Accelerated Drought Response Project (ADRoP) ASR Well Sites and Pipeline Project Construction and Authorize the General Manager to execute all necessary documents (NTE \$ 21,908,902)**

Mr. Macdonald reviewed this item for the Board. He stated this is the final construction contract for the ADRoP Project. On August 1st, 4 bids were received and SANCO Pipeline was the apparent low bidder, however; there was an error in the bid. As a result of this error, Specialty Construction became the low bid. Based on the bid, Mr. Macdonald reported staff is recommending the Board award the contract to Specialty Construction plus a 5% contingency, which would bring the total cost to \$21,908,902.

(Below are public comments made on this item)

Don Drexel, SANCO, stated he has been in this business for 69 years. At the bid opening on August 1, 2025, SANCO was the apparent low bid, however, 1 week later they were told there was an error on #10 of the bid. While the handwritten unit price was incorrect, the total for #10 was correct as was the total bid amount. He is asking the Board to approve SANCO and thus saving the District \$68,000. This was simply a clerical error and logic would lean toward going with SANCO. While there is a procedure to protest the bid, there wasn't a procedure to protest, the protest filed by Specialty.

Kevin Alger, of Operating Engineers Union, asked the Board to appeal the staff's decision to go with Specialty and go back to SANCO. This contract would be a huge benefit to the county and the families of SANCO, who live in the area. Specialty's workers live out of this area.

Brayden Schrader, owner of SANCO, stated his company has done business in Hollister for more than 45 years. As a company they sponsor local organizations and events. This is an important project to this District but also an important project to SANCO. He relayed the employee who made the clerical error feels bad, but the District could follow its own specs and has the ability to decide. He asked the Board to please award this job to SANCO.

Elias Salinas stated it sounds like this was merely a clerical error and that this would be a help to our community. It also appears like it would be a \$68,000 savings. Often in jobs like these, the bidder is low and then proceeds to process a lot of change orders.

Jacob Lomanto stated he has commuted out of the area to do jobs. SANCO has employees that live here that could work on the job. It also makes sense that this was not a malicious error. He too supports awarding the job to SANCO.

Joe Bauer stated the district will not find a better outfit than SANCO. It is a great company and has local workers.

Jeff Cattaneo stated he is currently working on behalf of the District as the District Engineer. He reviewed all of the bids and is recommending the Board go with Specialty. When SANCO's bid was revised with the clerical error, they were no longer the low bid. He does not have anything against SANCO and while he was employed at Marina Coast Water District, he worked with both SANCO and Specialty. He further added the District used Specialty for the upgrade to the Lessalt Water Treatment Plant. He feels it is unreasonable to go with SANCO.

Tom Seidel, representing Specialty, stated the error on SANCO's bid is unfortunate, but this is a public contract for a public agency. Russ Alnas, also of Specialty, added he lives here and Specialty does support local organizations as well.

Director Flores thanked everyone for speaking. Per Counsel, the District is legally required to take the lowest qualified bid and reject SANCO's and move forward. Mr. Jacobson clarified SANCO's bid was not rejected, but it was accepted; it just wasn't chosen as the low bidder.

Director Freeman agreed with Director Flores that it is a hard decision, but the District is legally bound to go with Specialty, but he does see both sides of the table.

Mr. Drexel, asked to offer a rebuttal. He stated the public code allows the District to make a correction which was obviously ambiguous, and the final cost shall prevail.

With no further questions or comments from either the public or the Board, a motion was made by Vice President Wright and seconded by Director Freeman; the Board of Directors approved Awarding a Contract to Specialty Construction, Inc. for the Accelerated Drought Response Project (ADRoP) ASR Well Sites and Pipeline Project Construction and Authorize the General Manager to execute all necessary documents (NTE \$ 21,908,902) by 4 affirmative votes, Williams, Wright, Flores and Freeman and there was 1 absence, Tonascia.

8. **Consider Authorizing the General Manager to Execute Amendment 2 to Amendment 27 with HDR Consultants for Engineering Services during Construction related to the Accelerated Drought Response Project (ADRoP) Pipeline and Well Installation (NTE \$1,685,928)**

Mr. Cattaneo reviewed this item for the Board. This is similar to how the District handled engineering services during previous construction projects and this will be in tandem with Kennedy-Jenks. This was negotiated for design/engineering services and is within 5% of the overall project.

Ms. Salinas stated this is what she was referring to earlier when she mentioned additional change orders. She did add this District manages their public funds well. But also, that's often why bids come in low.

Mr. Jacobson stated the reason we are issuing this amendment to HDR is for expediency not for new work; all are expected costs listed in the task order.

Mr. Cattaneo stated he was District Manager at the District for more than 16 years and he continues to manage the funds diligently. He further explained the District has a master contract with this consultant and this is an amendment to that contract. Any extra work, if needed, will come before the Board for approval.

With no questions from the Board, a motion was made by Director Flores and seconded by Director Freeman; the Board of Directors approved Authorizing the General Manager to Execute Amendment 2 to Amendment 27 with HDR Consultants for Engineering Services during Construction related to the Accelerated Drought Response Project (ADRoP) Pipeline and Well Installation (NTE \$1,685,928) by 4 affirmative votes, Williams, Wright, Flores and Freeman and there was 1 absence, Tonascia.

9. **Consider Approving the Agreement for Water Transfer and Memorandum of Agreement for a Water Transfer with the Kern-Tulare Water District**

Mr. Jacobson reviewed this item for the Board. The District received a 55% Ag water allocation and an 80% of historical average Municipal and Industrial water allocation, totaling approximately 31,000 acre feet. Water demands are down, and ag customers have already made reductions from their initial allocations. This leaves the District with a possible surplus of 12,000 to 13,000 acre feet of water after making full use of the allocation, including percolating and refilling San Justo Reservoir. This transfer to Kern-Tulare Water District would be for up to 7,000 acre feet, at \$180/acre foot and a net of \$141 after fees, which would be up to \$987,000. This also comes with the recommendation from the Zone 6 Water Supply and Operations Committee reported Mr. Jacobson.

Director Freeman asked if the District had to pay the Bureau cost twice. Mr. Jacobson stated no, the District only pays the fee when we actually receive the water.

Director Flores asked if this affects the historical usage and Mr. Jacobson stated, no, that only applies to the M&I water.

With a motion by Director Freeman and a second by Vice President Wright, the Board of Directors approved an Agreement for Water Transfer and Memorandum of Agreement for a Water Transfer with the Kern-Tulare Water District by 4 affirmative votes, Williams, Wright, Flores and Freeman and there was 1 absence, Tonascia.

10. **Consider Authorizing the General Manager to Provide Public Notice that the District Intends to Transfer More Than 20 Percent of its Annual Entitlement for Central Valley Project Water in Water Year 2025-2026**

Mr. Jacobson also reviewed this item. This is related to the previous agenda item, regarding surplus water. He continues to look for additional partners to transfer the water to. Federal law states if more than 20% of our annual allocation is transferred, the agency must put a public notice in both the paper where the water is coming from and being transferred to. (The previous transfer is under that threshold).

With a motion by Director Flores and second by Vice President Wright, the Board of Directors authorized the General Manager to Provide Public Notice that the District Intends to Transfer More Than 20 Percent of its Annual Entitlement for Central Valley

Project Water in Water Year 2025-2026 by 4 affirmative votes, Williams, Wright, Flores and Freeman and there was 1 absence, Tonascia.

11. **Consider Resolution Authorizing the Establishment of an Investment Account in the California Asset Management Trust administered by the California Asset Management Program**

Mr. Miller introduced this item and also Joan Pino from PFM, who will give a PowerPoint presentation. Ms. Pino gave an overview of CAMP and had a comparison between CAMP and LAIF. Mr. Miller added it would allow the District more diversity and over time CAMP was outperforming LAIF. He added it is a good investment option and comes with the recommendation of the Investment Committee.

Vice President Wright asked about the fees. Ms. Pino stated the return is net of fees. Mr. Miller further clarified the fees are included in their rates. Discussion further ensued about where CAMP invested their funds.

With no further questions, a motion was made by Director Freeman and seconded by Director Flores; the Board of Directors approved Resolution #2025-15, *A Resolution of the Board of Directors of the San Benito County Water District Authorized the establishment of an Investment Account in the California Asset Management Trust administered by the California Asset Management Program* by 4 affirmative votes, Williams, Wright, Flores and Freeman and there was 1 absence, Tonascia.

12. **Consider Authorizing the Establishment of an Account with Multi-Bank Securities**

Mr. Miller reviewed this item for the Board. He stated this is another source of investment the District could lock into a good rate. It can be for short or long term and Multi-Bank would protect the District from exceeding the FDIC limit. This item also comes to the Board with a recommendation from the Investment Committee.

With a motion by Director Flores and a second by Director Freeman, the Board of Directors authorized the establishment of an account with Multi-Bank Securities, by 4 affirmative votes, Williams, Wright, Flores and Freeman and there was 1 absence, Tonascia.

13. **Consider Authorizing Director Attendance at the 2025 ACWA/JPIA's Board of Directors' Meeting on December 1, 2025, San Diego, California**

The Board was directed to let Mrs. Mauro know if they were interested. Director Freeman, as the representative for ACWA/JPIA stated he is interested in both this meeting and in attending ACWA, which is the next item.

14. **Consider Authorizing the General Manager (or his Designee) and Director Attendance at the 2025 ACWA Fall Conference, San Diego, California, December 2nd to 4th, 2025**

The Board was also directed to let Mrs. Mauro know if they were interested. Director Freeman is definitely interested, and Director Flores also expressed interest, but would let Mrs. Mauro know if he intends to go to the conference.

15. **Committee/Agency Representative Reports:**
 - a. **San Luis and Delta-Mendota Water Authority (Tonascia/Jacobson)**
Mr. Jacobson will cover this under his Manager's report.
 - b. **Investment Committee (Flores/Williams)**
As per Directors Flores and Williams, this has already been covered.
 - c. **Zone 6 Water Supply & Operations Committee (Tonascia/Wright)**
As per Director Wright, this has already been covered.
16. **Monthly Operations and Maintenance Report**

Mr. Craig reported the field staff has been very busy. 128 loads of silt has been removed so far from the Paicines Canal and staff has sprayed/mowed around the banks. Hernandez Reservoir is at 50 feet. In October, staff will be replacing pipes at Spring Grove and Jones Roads. There is a leak in Sub 2 & 3 which will require a lot of parts and some of the work will be in the middle of the road in order to change the valves. He estimates this to take about 2 days. He further reported Sub 4 shutdown will be postponed until November 2025. This repair will be to replace 2 sixteen inch valves and 2 sixteen inch clay valves and address the concrete leak; this will also take an estimated 2 days. San Justo Reservoir is currently at 481' and the shutdown of the Pacheco Pumping Plant has been delayed until October 2025.
17. **General Manager's Report:**
 - a. **Reach 1 Operations**

Mr. Jacobson reported the shutdown at Pacheco Pumping Plant has been delayed until October, but there have been 4 unplanned outages this year which the District determined there was a communication issue. Last week, a meeting was held between our District and Valley Water and 3 options were discussed to alleviate the communication issue.

Director Freeman asked about the timeline for the remote operation. Mr. Jacobson reported staff is pushing the contractor to finalize the hardware/software prior to the end of the year.
 - b. **Zone 3 Operations**

Mr. Craig covered this.
 - c. **Zone 6 Operations**

Mr. Jacobson reported there will be a pipeline replacement through Tres Pinos so Sunnyslope County Water District will need access to our easement. There will be reimbursement contract and staff is currently reviewing the plans.
 - d. **Accelerated Drought Response Project (ADRoP)**

Mr. Jacobson reported the expansion of the West Hills WTP is going well. Regarding the wells, the contractor has begun drilling. Also, Mr. Jacobson reported the final draft version of the Water Supply and Treatment Agreement has been distributed and he is waiting on final comments. The agreement is scheduled to be approved as follows: the City of Hollister, September 15th, Sunnyslope County Water District, September 23rd, SBCWD, September 24th and the City of San Juan Bautista on

October 21st. The District will also consider a reimbursement agreement for infrastructure on September 24th.

e. San Luis and Delta-Mendota Water Authority Activities

Mr. Jacobson reported the Subsidence Project is the most pressing issue. Jones/Intertie will be the first repair. There is uncertainty if there will be federal funding or any contribution from Reclamation.

f. City of San Juan Bautista Water Supply Plan

Mr. Jacobson reported he had nothing at this time.

g. B F Sisk Dam Raise Project

Mr. Jacobson reported he had nothing at this time.

h. Sustainable Groundwater Management Act Compliance

Mr. Jacobson reported staff has a proposal from Todd Groundwater on amending the GSP. There also appears there is a revenue surplus, which staff is working through. The proposal from Todd Groundwater will come to the Board in September.

i. Miscellaneous District items

Mr. Jacobson reported a replacement for the Water Conservation Program Manager has been chosen and they have accepted; the start date is September 8th.

Mr. Jacobson further reported Valley Water, at their meeting on Tuesday, voted to suspend the Pacheco Reservoir Expansion Project effective immediately. The biggest hurdle, besides the rising costs, was the Bureau stating Valley Water could not store CVP water in the new reservoir.

Mr. Miller reported staff is moving forward with Tyler and is live in most programs. Payroll training occurred today, and the next 2 payrolls will run side/side for comparison. Mr. Jacobson thanked Mr. Miller and the accounting/HR staff for the training today.

Mr. Miller also reported the capacity fee will be live, starting tomorrow.

18. **CLOSED SESSION**
Conference with Legal Counsel-Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One case

(The Board convened in Closed Session at 6:44 p.m.)

19. **OPEN SESSION**
Report any action, if any, from Closed Session

(The Board reconvened in Open Session at 7:00 p.m.)

President Williams called the meeting back to order and stated there was no action taken in Closed Session.

20. **Adjournment**

With no further business to discuss, the meeting was adjourned at 7:01 p.m.

Minutes were approved at the September 24, 2025 Board meeting and signed by the presiding board member.

/s/Doug Williams

Doug Williams, President

/s/Barbara L. Mauro

Barbara L. Mauro, Executive Assistant/Board Clerk