



**STAFF REPORT
HOLLISTER CITY COUNCIL
MEETING DATE: October 20, 2025
REPORT # Public Works-2025-51**

AGENDA ITEM: A RESOLUTION APPROVING THE SAN BENITO URBAN AREA WATER SUPPLY AND TREATMENT AGREEMENT WITH THE SAN BENITO COUNTY WATER DISTRICT

DEPARTMENT: Public Works

DEPARTMENT HEAD: William Via, Public Works Director

STAFF CONTACT: William Via, Public Works Director

RECOMMENDED ACTION: Adopt a resolution approving the San Benito Urban Area Water Supply and Treatment Agreement with the San Benito County Water District.

DISCUSSION: In 2013, the City of Hollister (Hollister) entered into the Hollister Urban Area Water Supply and Treatment Agreement with the San Benito County Water District (SBCWD) to provide high-quality treated water to the residents of Hollister and the surrounding urban area. On February 18, 2025, the Hollister City Council approved a term sheet containing principles of agreement and authorized staff to negotiate. As a result of a long planning process, staff determined a new agreement would be preferred to amending the prior agreement. The San Benito Urban Area Water Supply and Treatment Agreement adds the City of San Juan Bautista as a new treated water customer, joining existing customers Hollister and Sunnyslope County Water District (Sunnyslope). Additionally, the Accelerated Drought Response Project (ADRoP) to SBCWD's treated water system and to lay out the mechanisms for funding and cost recovery for this project are included in the agreement.

The Hollister Urban Area Water and Wastewater Master Plan (Master Plan) was first completed in 2008 and updated again in 2017 and 2023. The Master Plan provides a long-term vision for water, wastewater, and recycled water management actions and infrastructure improvements to address water quality concerns and improve water supply reliability. The Master Plan also identified the need for the region to begin preliminary work toward the development of additional long-term water supplies to serve the region in times of drought. All projects identified in the 2008 Master Plan and 2017 Master Plan update have since been completed, and we are now in the process of implementing the 2023 recommendations as described below.

In August of 2021, SBCWD, Sunnyslope, Hollister, City of San Juan Bautista, and the County of San Benito entered into a Memorandum of Understanding (MOU) agreeing to update the Master Plan in order to confirm water demand forecasts, identify preferred long term water supply options, and incorporate San Juan Bautista into the urban water supply planning. The water quality goals found in the Master Plan update are meant to ensure wastewater salinity targets are met to provide residents satisfactory water service and to avoid fines and penalties from the Water Resources Control Board.

The 2023 Master Plan update presents a series of projects, as well as the alternatives considered, to achieve a reliable supply of high-quality water to the urban areas in San

Benito County for existing and future residents. A key near-term project is the Accelerated Drought Response Project, referred to as ADRoP. This project is needed to improve the reliability of water supplies for existing residents during drought conditions. The environmental documentation for this project expressly prohibits its use to accommodate future growth. ADRoP consists of the expansion of the West Hills Water Treatment Plant, conveyance pipelines, and the installation of up to 5 aquifer storage and recovery wells near Fallon Road. The City and SSCWD previously provided letters of support for the project for inclusion in grant applications, three of which have been awarded, totaling an estimated amount of \$20 million in State and Federal grants. SBCWD has issued bond debt to cover the remaining capital costs for ADRoP.

FISCAL IMPACT: ADRoP will be funded by a Water Reliability Charge that is included in the Raw Water Charge for water treated at the water treatment plants (Lessalt Water Treatment Plant and West Hills Water Treatment Plant) and delivered to City of Hollister, Sunnyslope County Water District, and San Juan Bautista customers. The current reliability charge is \$250 per acre-foot of water (325,851 gallons) and will be updated with SBCWD's new rate study, to be implemented in March 2026. Currently, this amounts to about \$500,000 per year for the City from the Water Enterprise Fund (620), depending on the amount of surface water used. It is anticipated that the rate will go down due to the District receiving approximately \$20 million in grant funding to fund a portion of the ADRoP project.

PREVIOUS COUNCIL OR COMMISSION ACTION: Resolution No. 2025-21 approving the Urban Area Water Master Plan Term Sheet and authorizing the City Manager to negotiate a contract with the Urban Area member agencies.

CEQA: This activity is not a project pursuant to California Environmental Quality Act Statute Section 21065 and Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or a reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

1. Resolution
2. Agreement