

Manteca, California
November 22, 2016

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at 9:00 a.m. President Holmes called the meeting to order and Director Holbrook led the flag salute. Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER KUIL ROOS
ABSENT: NONE

Also present were General Manager Peter Rietkerk, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Clerk of the Board Betty Garcia.

Public Comment - None

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$803,092.22; A/P wires in the amount of \$258,771.00; payroll dated November 10, 2016 in the amount of \$193,864.67.
- B. Approval of the regular board meeting minutes of November 8, 2016.
- C. Approval of consent to SSJID's entry of property to read and to maintain flow meter for G&E TeVelde Orchards, LLC, APN 245-260-12 & 13.
- D. Approval of consent to SSJID's entry of property to read and to maintain flow meter for Margaret A. Snodgrass, APN 226-150-25.

Director Kamper noted on page 7 of the minutes, under item #3, it stated "A motion was made by Director Kamper and seconded by Director Kamper" that needs to be changed to "A motion was made by Director Kamper and seconded by Director Holbrook."

Director Holbrook noted on page 10 of the minutes, under his Director's report, the District shall respond within 10 days to a public records request, but not to provide the information. He also noted that if drones are used in the workplace, they must be registered with the Federal Aviation Administration.

A motion was made by Director Kuil and seconded by Director Roos to approve the Consent Calendar with the above noted changes to the minutes. The motion passed 5 to 0 by the following roll call vote:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

ACTION CALENDAR

Item #1 – Consider approval of annexation agreement for Robert Miller, APN 205-060-20, and adoption of Resolution #16-14-A for SSJID to submit application to LAFCo

Mr. Sam Bologna, Engineering Department manager, presented this item to the Board stating that Mr. Miller has signed the annexation agreement and related documents for annexation and is ready to move forward with the annexation. Upon adoption of the resolution an application will be sent to LAFCo to complete the annexation process. The balance of the annexation fee will be paid upon approval of the annexation by LAFCo.

Director Holbrook noted that in Section 4.3.3 of the Annexation Agreement, that stated “existing landowners and landowners shall be on equal footing with all lands within the District” should be reviewed by General Counsel Emrick and possibly re-worded.

RESOLUTION NO. 16-14-A
RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT
TO APPLY TO LOCAL AGENCY FORMATION COMMISSION TO ANNEX
APN 205-060-20

WHEREAS, South San Joaquin Irrigation District (“District”) is subject to Division 11 of the California Water Code, and

WHEREAS, the District was organized in 1909 and currently provides irrigation and drainage services throughout the approximately 72,200 acres within its existing service territory; and

WHEREAS, is Robert L. Miller (“Owner”), the owner of 40 acres of land described as San Joaquin County Assessor’s parcel number 205-060-20 (“Subject Property”) has requested that the District serve the Subject Property; and

WHEREAS, it is in the public interest that the Subject Property be annexed to the District; and

WHEREAS, the District and Owner of the Subject Property have agreed to execute an annexation agreement that includes the terms and conditions under which District would seek to annex the Subject Property and provide services to the Subject Property (“Annexation Agreement”); and

WHEREAS, the District may submit an application to the San Joaquin Local Agency Formation Commission (“LAFCo”) to annex the Subject Property; and

WHEREAS, notice specifying the date, time and place of the meeting at which this Resolution is to be considered has been given as required by Government Code section 56654; and

WHEREAS, the District has prepared an application to LAFCo to annex the Subject Property that the Board finds satisfies all of the elements required by the California Government Code, including Sections 56653 and 56700, and

NOW THEREFORE, BE IT RESOLVED that:

1. The District shall submit an Application to LAFCO as required by the California Government Code, including sections 56653 and 56700, requesting that LAFCo approve the annexation of the Subject Property subject to the terms and conditions in the annexation agreement, and stating that this resolution will be deemed withdrawn unless both District and the Owner agree in writing to any modifications of such terms and conditions by LAFCo.
2. Its General Manager is authorized to execute the Annexation Agreement and to execute and deliver to LAFCO the Application and supporting documents as may be necessary, to make such changes to such documents as the District's General Manager finds to be necessary, to submit such other documents as LAFCo may request from time to time to process the Application and to pay the appropriate administrative fees to file and process the Application.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

A motion was made by Director Kuil and seconded by Director Roos to adopt Resolution #16-14-A and to authorize signature of the annexation agreement and related documents; and General Counsel is to review the wording in Section 4.3.3 of the annexation agreement. The motion passed 5 to 0 by the following roll call vote:

AYES:	HOLBROOK HOLMES KAMPER KUIL ROOS
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

Item #2 – Consider approval of annexation agreement for G&E TeVelde Orchards, LLC, APN 245-260-12 and 245-260-13 and adoption of Resolution #16-15-A for SSJID to submit application to LAFCo

Mr. Bologna stated the District has been servicing this property since November 2014 when a water supply agreement was approved by the Board on November 18, 2014. Mr. TeVelde has signed the annexation agreement and related documents for annexation and is ready to move forward with the annexation.

RESOLUTION NO. 16-15-A
RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT
TO APPLY TO LOCAL AGENCY FORMATION COMMISSION TO ANNEX
APN 245-260-12 & 13

WHEREAS, South San Joaquin Irrigation District (“District”) is subject to Division 11 of the California Water Code, and

WHEREAS, the District was organized in 1909 and currently provides irrigation and drainage services throughout the approximately 72,200 acres within its existing service territory; and

WHEREAS, is G & E Te Velde Orchards, LLC. (“Owner”), the owner of 448.52 acres of land comprised of two parcels described as San Joaquin County Assessor’s parcels numbers 245-260-12 and 245-260-13 (“Subject Property”) has requested that the District serve the Subject Property; and

WHEREAS, the District entered into a water service agreement with Owner in which it agreed to provide out of District irrigation service to the Subject Property until the Subject Property is annexed and began supplying irrigation service to the Subject Property in 2015 by District irrigation facilities through adjacent property owned by Owner; and

WHEREAS, it is in the public interest that the Subject Property be annexed to the District; and

WHEREAS, the District and Owner of the Subject Property have agreed to execute an annexation agreement that includes the terms and conditions under which District would seek to annex the Subject Property and provide services to the Subject Property (“Annexation Agreement”); and

WHEREAS, the District may submit an application to the San Joaquin Local Agency Formation Commission (“LAFCo”) to annex the Subject Property; and

WHEREAS, notice specifying the date, time and place of the meeting at which this Resolution is to be considered has been given as required by Government Code section 56654; and

WHEREAS, the District has prepared an application to LAFCo to annex the Subject Property that the Board finds satisfies all of the elements required by the California Government Code, including Sections 56653 and 56700, and

NOW THEREFORE, BE IT RESOLVED that:

1. The District shall submit an Application to LAFCO as required by the California Government Code, including sections 56653 and 56700, requesting that LAFCo approve the annexation of the Subject Property subject to the terms and conditions in the annexation agreement, and stating that this resolution will be deemed withdrawn unless both District and the Owner agree in writing to any modifications of such terms and conditions by LAFCo.
2. Its General Manager is authorized to execute the Annexation Agreement and to execute and deliver to LAFCO the Application and supporting documents as may be necessary, to make such changes to such documents as the District’s General Manager finds to be necessary, to submit such other documents as LAFCo may request from time to time to process the Application and to pay the appropriate administrative fees to file and process the Application.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

A motion was made by Director Holbrook and seconded by Director Kamper to adopt Resolution #16-15-A and to authorize signature of the annexation agreement and related documents; and

General Counsel is to review the wording in Section 4.3.3 of the annexation agreement. The motion passed 5 to 0 by the following roll call vote:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

Item #3 – Approve amendment to Annexation Policy and adopt Resolution #16-16-P

Mr. Sam Bologna noted the current annexation policy stipulates that applicants are required to pay 25% of the annexation fee upon submittal of application for annexation. In an effort to avoid collecting money only to find that we are unable to operationally service the property, staff developed a pre-application process that would allow staff to review the application in much the same way as we do structure permits, prior to formally accepting the application. While the policy provides that the annexation fee is mostly refundable if the application is rejected, the application process itself requires that the owner incur certain costs to prepare the application that they cannot recoup. He stated that Steve Emrick has modified the policy language to help accommodate this recommended process. This would also help to avoid potential fee increases for the landowner while the review is in process. The revised policy allows for a 6-month timeframe for applicant to submit the formal application once they submit the pre-application form. The proposed cost of the pre-application is \$100.00 to cover staff time and is non-refundable. The revised language is highlighted in yellow and would amend the policy by adding sections 4.9(e) and 9(f) to the policy. There are currently three landowners interested in annexation that could benefit from this process that will likely be submitting formal applications in 2017.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT
RESOLUTION NO. 16-16-P ANNEXATION POLICY
AMENDING AND SUPERSEDING RESOLUTIONS 90-18-0, 93-17-0, 00-21-0, 09-09-A
AND 14-11-P**

WHEREAS, the South San Joaquin Irrigation District receives annexation requests from time to time from Landowners whose land is not within the boundaries of the South San Joaquin Irrigation District, and

WHEREAS, it is in the best interests of the South San Joaquin Irrigation District (hereinafter "District") to annex land presently outside of District under terms and conditions as hereinafter set forth, and,

WHEREAS, District desires to adopt a uniform policy for the annexation of lands, reserving to District, however, the absolute right to accept or reject any parcel seeking annexation and further reserving to District the right to impose differing terms of annexation to such lands, and

WHEREAS, in connection with District's consideration of said policy, District finds as follows:

- A. There is an interest by landowners outside the South San Joaquin Irrigation District to have their lands considered for annexation into the District.
- B. Over the years since its inception, the District has developed, acquired, and purchased substantial and valuable assets, interests, and rights which benefit all of the members of the District.
- C. It would be unfair to Original Landowners to have new members of the District receive the benefits of those assets without paying their pro-rata share therefor.
- D. Through sound water management practices and the utilization of existing and new facilities, water can be delivered to certain parcels not currently within the boundaries of the District.
- E. Substantial future benefit will accrue to the District and serve to benefit all Landowners in the District, including those who are currently members of the District and those seeking membership in the District now and in the future.
- F. District intends to meet the water supply requirements of Original Landowners, District's contractual responsibilities to the five cities, and the requirements of Landowners in every year, subject to its available water supply, its water rights, its available water delivery facilities, except insofar as the Board of Directors finds Water Code section 22252.1 through 22252.3, 22255 or 22257 (granting the District authority, among other provisions, to establish equitable distribution of water, responses to water shortages, and rules and regulations for distribution and use of water) applicable, and

WHEREAS, by Resolution 00-21-0, adopted on November 14, 2000, the District established two tiers of landowners; Tier I composed of landowners whose property was within the District as of November 14, 2000, and Tier II composed of landowners whose property is annexed any time after that date. Tier II landowners are entitled to equal benefits to the District's water supply to the extent of District's water supply, its water rights and its available water delivery facilities, except that the water supply of Tier II landowners is subject to reduction in order for the District to serve Tier I landowners and to satisfy the District's contractual obligations to the cities of Manteca, Escalon, Ripon, Lathrop and Tracy.

NOW, THEREFORE BE IT RESOLVED that the District policy as pertains to annexation of additional properties within the District is and shall be as follows:

1. DEFINITIONS

- 1.1. "Agreement" means the Annexation Agreement and Covenant Running with the Land described in Section 3.1.
- 1.2. "District" means the South San Joaquin Irrigation District.

1.3. "Existing Members of the District" and "Original Landowners" mean landowners whose property is within the District prior to the completion of the annexation of Landowners' property within the District.

1.4. "Tier I Landowners" means those landowners whose property was within the District as of November 14, 2000.

1.5. "Landowner" and "Landowners" mean owners of real property not currently within the South San Joaquin Irrigation District who desire to become members of the South San Joaquin Irrigation District.

1.6. "LAFCo" means the San Joaquin Local Agency Formation Commission.

1.7. "Member" means a landowner whose property is within the District.

1.8. "New Capital Charges" is defined in Section 4.7.

1.9. "Tier II Landowners" refers to all landowners whose property is annexed to the District at any time after November 14, 2000. All Tier II Landowners are subject to the water supply limitations in Section 9.7.

2. APPLICATION BY LANDOWNERS

2.1. Any person desiring to annex land to District under terms and conditions set forth herein shall apply in writing to the District requesting annexation. Annexation requests from Landowners for the inclusion of their property in the District shall be initiated upon Landowner's filing an application for annexation with and paying to the Secretary of the South San Joaquin Irrigation District, the annexation fee in Section 4.9(b)(1) and a cash deposit to cover charges expected to be paid to third parties to process and obtain approvals of the annexation application. The District's internal administrative costs to process the application will be paid from the annexation fee. Such application for annexation shall be upon forms as may from time to time be developed by the District for such purposes. While this policy pertains to the initiation of annexation requests by landowners of property not currently within District, nothing herein precludes District upon its own resolution from initiating annexation requests.

2.2. The application for annexation shall describe the works necessary to deliver water from District's existing distribution system to irrigate the land seeking annexation and state the estimated cost thereof and how and when such works will be constructed. Further, it shall include, among other things, the ability of the property to be served by the District, the appropriateness or need of additional facilities to deliver water to the property, drainage and drainage considerations, location of said property, uses of said property, whether or not said property is within the sphere of influence of District, and such other factors as might reasonably bear on the consideration of annexation.

2.3. District Secretary shall review the annexation application and make a determination, in the District Secretary's discretion, whether to proceed with the annexation process based on the appropriateness of including the property within the District. If the District Secretary rejects the application, the District Secretary shall notify the Landowner. Any fees collected by District are not refundable under any circumstances, except that the annexation fee paid with the application, less District's internal administrative costs to process the application and less any other costs and expenses paid or incurred by the District and yet to be paid by the Landowner, are refundable without interest if the District Secretary rejects the application or under the other circumstances described in Section 4.9(b)(1).

3. PROPOSAL FOR ANNEXATION

3.1. If the District Secretary approves the application, the Secretary shall prepare and submit to the Landowner for signature, a form of the Agreement. The Agreement shall contain the terms, conditions, and elections prescribed for the Agreement throughout this policy, the terms and conditions of annexation to be included in the resolution of application described in Section 3.2, and such other terms and conditions as the parties may agree upon.

3.2. Upon approval by District Secretary of an annexation application, payment of the part of the Annexation Fee described in Section 4.9 (b) (1), payment of the cash deposit described in Section 2.1 and the execution of an Agreement by the owners of land desiring annexation, the District Board may consider adoption of a resolution of application proposing annexation of the lands described in the Agreement and approval of the Agreement.

3.3. The resolution of application shall state that the proposed annexation is to be made only under the terms and conditions set forth therein and that if not approved in such form by LAFCo, that the resolution will be deemed to be withdrawn unless both District and the Landowners agree in writing to any modifications of such terms and conditions by LAFCo.

3.4. After the resolution of application has been approved by the District Board and Landowner has secured the subordination agreements described in Section 6.2, the resolution of application shall be filed by District with LAFCo.

3.5. The Landowners shall be responsible for payment of such fees as are required in connection with LAFCo proceedings, including filing and administrative fees and the costs and expenses of environmental review, title reports and recordation of documents. Additionally, the Landowners shall pay all fees and costs for soils reports, surveys, and such as necessary to fully complete the application for annexation. Further, the Landowners shall pay to District the District's reasonable costs and expenses for outside attorneys, engineering and consultants as may be reasonably incurred by District in considering said annexation. Landowner shall increase the cash deposit described in Section 2.1 as District determines will be reasonably necessary to cover such fees, costs

and expenses.

3.6. The California Environmental Quality Act (CEQA) contains provisions which require environmental analysis and study of undertakings classed as "Projects". Environmental review shall evaluate pursuant to CEQA the potential impacts created by the annexation of the land, including construction of new facilities to serve the land and the importation and distribution of water to serve the land, and proposed mitigation measures, if necessary. All costs of environmental review will be that of the Landowners. However, District may reimburse Landowners for the costs of the environmental review to the extent that the District reasonably determines the environmental review is unusually complicated and costly due to issues of significance to the District beyond those raised by the annexation. If District reimburses Landowners for such costs, District shall consider this cost as a New Capital Charge and Landowners shall repay District as provided herein and within the Agreement. The timing of environmental review will be determined by District personnel in coordination with LAFCo.

4. TERMS AND CONDITIONS OF ANNEXATION

A. QUANTITY AND QUALITY OF WATER TO BE DELIVERED

4.1. District makes no representation to Landowners or anyone else of the availability, quantity, quality, or delivery times of the water conveyed by it.

4.2. Landowners who have lands which have rights to divert the natural flows of the Stanislaus River may be annexed on such terms and conditions, as are mutually agreed on by District and such land owners, which recognize such rights and provide for supplying water in satisfaction thereof. Such lands may receive water in amounts and times which Existing Members of the District and other Landowners do not receive.

4.3. At such time as additional water supplies may become available through sources other than existing or renegotiated contracts or existing District rights, Landowners shall be entitled to the same benefit with Existing Members of the District for the use of such additional District water supplies and will not be subject to the Section 9.7 restrictions for such additional water supplies. All lands within District receiving such water shall pay their proportionate share of the cost thereof.

B. CHARGES FOR WATER

4.4. Landowners will pay the same water rates charged to existing members of District. Landowners shall be assessed water charges and other amounts and charges of the District each year beginning in the year in which the annexed parcel is in a position to receive water from the District. Ordering water when available and payment therefore shall be in accordance with District rules and regulations.

C. ASSESSMENTS

4.5. This subsection of the Annexation Policy entitled, "ASSESSMENTS" would only be applicable in the event District finds itself in the position to generate revenue by this means. Therefore, for the present, neither the District nor its Board of Directors shall, by the terms of this subsection, be under any obligation to perform the duties and functions noted herein.

- (a). Property of Landowners shall be assessed the same as similar lands of Original Landowners. Further, the lands of Landowners shall be given an assessed value on the same basis as Original Landowners.
- (b). The assessment rate shall be fixed by the Board of Directors of District.
- (c). Assessment of lands of Landowners shall be equalized in the same manner as assessments on lands of Original Landowners.
- (d). Assessments for voter approved indebtedness shall be applied by District to lands of Landowners in the year following a year in which the annexed lands are in a position to receive water from the District.

4.6. Assessments levied for new water supplies to which Landowners have equal entitlement with Original Landowners and assessments levied for improvement or distribution districts formed for the benefit of Landowners shall be paid each year whether or not water is received by Landowners.

D. NEW CAPITAL CHARGES

4.7.

- (a). New Capital Charges means those charges incurred for distribution and drainage system improvements and other improvements to District facilities in whole or in part to serve Landowners as described in Section 4.11(a) and apportioned as described in Section 4.11(b). New Capital Charges shall also include capitalized construction period interest computed according to generally accepted accounting principles. Capitalized interest generally is an amount equal to interest expense on District debt during the construction period when debt is utilized by District to pay system improvements needed to effect the annexation. If the District utilizes its reserve funds instead of debt to finance improvements to serve Landowners, New Capital Charges shall include capitalized construction period interest computed using a fixed interest charge during the construction period calculated at a rate equal to the weighted average rate of return earned on District investments for the last calendar quarter before adoption by the Board of Directors of a resolution to file an application with the San Joaquin Local Agency Formation Commission to annex the land of Landowners.
- (b). Landowner may elect in the Agreement to pay the New Capital Charges

in annual payments. In such event, the unpaid balance will accrue interest at 5% per annum. Annual installments will be billed and are due in accordance with Section 4.8. The first annual payment will be billed following the date that the property of a Landowner has been provided a District structure permit to connect to the District's irrigation system. Payments will be due annually thereafter until completely paid. No portion of any New Capital Charges will be allocated disproportionately to particular acres of the real property subject to annexation.

(c). The Agreement shall specify the time frame (not to exceed nine years of equal installments) during which time New Capital Charges are due and payable, if other than nine years. The Board of Directors of District, upon consultation with Landowners, shall be solely responsible for establishing the number of years which Landowners will be given to make such New Capital Charges installment payments to District, if other than nine years. New Capital Charges can be repaid at any time.

4.8. Annual payments of assessments, New Capital Charges and any deferred portion of the annexation fee, and other District charges, are due on receipt of each annual bill issued on or about November 1 of each year and are payable in two installments. The first installment is delinquent if not paid by 4:30 p.m. on December 20 of each year, and the second installment is delinquent if not paid by 4:30 p.m. on June 20 of the following year. If any required payment is delinquent, District shall collect the unpaid amounts, plus the fees, penalties, and charges authorized by the District's Collection Policy adopted in Resolution No. 2001-04-F, "Policy Governing Collection of Fees, Charges and Penalties" or any subsequent resolution which supersedes Resolution No. 2001-04-F ("Collection Policy"), and the unpaid amounts, including fees, charges and penalties, such constitute liens on the land in accordance with the Collection Policy.

E. ANNEXATION FEE

4.9.

(a). Landowners shall pay the District an annexation fee of \$2,297 per acre for each acre of land to be included within District and said fee shall be increased annually by 5% on January 1 of each year, commencing on January 1, 2015. Said fee will be computed to the nearest tenth of an acre, and to include all of said lands, whether or not encumbered by easements, rights-of-way, or reservations. No portion of any annexation fee will be allocated disproportionately to particular acres of the real property subject to annexation.

(b). The annexation fee is payable as follows:

(1). Twenty-five percent is due when Landowner submits the annexation application to District, which is refundable without interest if

the District Secretary rejects the application or if the Board of Directors votes not to file an application with San Joaquin Local Agency Formation Commission to annex the Landowner's property. The amount refundable will be reduced by any costs related to the annexation which have been paid or incurred by the District and not yet reimbursed to the District by the Landowner.

(2). The remaining seventy-five percent of the annexation fee is due 14 days after the date on which LAFCo approves the annexation as evidenced by its adoption of a resolution approving the annexation and its issuance of a certificate of completion of the annexation. If in the Agreement, Landowner has elected to pay the balance of the annexation fee in a maximum of five equal annual payments, the unpaid balance will accrue interest at 5% per annum upon LAFCo's approval of the annexation. Annual installments, including accrued interest, will be billed and are due in accordance with Section 4.8. The first annual payment will be billed following LAFCo's approval of the annexation.

(c). The Board of Directors of District may, from time to time, adjust the annexation fee per acre as herein set forth, based on the then existing depreciated value of the net assets of the District.

(d). District reserves the right to change, from time to time, the annexation fee, costs, and expenses, including those charges reimbursable to District, as to any new annexation request before its approval by the District's Board of Directors.

(e). The annexation fee per acre determined as described in section (a) above, is the fee in effect when District receives Landowner's annexation application with all required information along with the initial payment of the annexation and the cash deposit for third party costs required by this policy, except as provided in (f) below.

(f). Landowner may request in writing that District make a preliminary determination whether (1) the District's existing facilities can provide irrigation service to Landowner's property, (2) any additional facilities may be required to service Landowner's property and (3) any limitations may need to be imposed to service Landowner's property in order to protect Existing Members of the District. Landowner may submit its request that District make these preliminary determinations for serving Landowner's property by completing and delivering to District its standard form for this purpose, supplying all required information and paying a fee of \$100. The fee required by this subsection (f) is not credited to the annexation fee. Landowner is also responsible for paying any costs incurred by the District to third parties in making the preliminary determinations described above. District may request a deposit for its anticipated third party costs and, upon completing the preliminary determinations, will refund the balance to the

Landowner. If Landowner should file an application for annexation of the same property within six months of the date of its written request, the annexation fee determined in accordance with subsection (a) above, that is in effect when Landowner submits its request in accordance with this subsection (f), will be the annexation fee that applies to annexation of the property. District's preliminary determinations are subject to change when District processes a later application for annexation of the same property.

4.10. If Landowner fails to make any required payment of the final 75% of the annexation fee or New Capital Charges when due and such payment becomes delinquent as provided in Section 4.8, this shall be the same as the failure of a Landowner to pay for water charges or water deliveries to said property and until said payments are made, including fees, charges and penalties, i) the District may deny delivery of additional water or services to said property and ii) the District shall impose the fee, penalties, and charges authorized by the Collection Policy, and iii) if practicable, the District shall delay connection of annexed property to the District's distribution system until the past due amounts including interest and penalties are paid.

F. FACILITIES TO SERVE LANDOWNERS:

4.11.

(a). Landowners shall each bear a proportionate share of all capital costs and expenses for distribution and drainage system improvements to District facilities in whole or in part to serve Landowners. All such capital costs and expenses are considered New Capital Charges and are to be apportioned to Landowners as described in Section 4.11(b). These costs and expenses shall include, but not be limited to, easements, surveys, pipelines, canals, ditches, drains, drainlines, turnout structures, valves, gates, and permanently installed meters or other District approved "flow rate" measuring and monitoring devices. No annexation of properties not currently within the District shall be completed or approved by District without District's approval of a drainage plan for said property, when District determines such a plan is necessary.

(b). The prorated amount (rounded up to the nearest ten dollars) owed by a Landowner as New Capital Charges due District as a result of the construction of new irrigation and drainage facilities necessary to serve the annexed lands and other land is determined as follows:

[New Capital Charges divided by the total acreage served by the new facilities]
times the number of annexed acres of the Landowner.

4.12.

(a). District may require in the Agreement as a condition of annexation, the execution by Landowners of conveyance to District by fee deed or easement deed such facilities, rights of way, access, and authorities as may be necessary and reasonable for the District's operation in the delivery of water and the drainage of

water to or from the parcels subject to annexation. Such reasonable requests might include the existing facilities on said land or may include new facilities as hereinafter addressed in paragraphs b, c, d, e, and f below.

(b). The Agreement shall provide that where District facilities are presently located upon lands of the Landowners and subject to annexation hereunder, the costs of any and all additional facilities (including but not limited to: surveys, easement, recording fees, land leveling, etc.) required to make water available to the District service point provided for said lands for irrigation purposes shall be the sole financial responsibility of the Landowners.

(c). The Agreement shall provide that where the delivery of water to or drainage of water from the land of Landowners involves facilities not located upon lands of the Landowners or District, Landowners shall obtain, at Landowner's expense, such surveys, easements, fee title, rights of way, and facilities as may, in District's sole opinion, be reasonably necessary for the conduct of District's services to said property. All such costs for District facilities shall be included in the New Capital Charges that are the responsibility of Landowners. These costs shall be prorated according to Section 4.11(b) and collected from Landowners as New Capital Charges as provided herein and within the Agreement. The costs for any privately owned facilities are the sole responsibility of Landowners and do not qualify for the provisions herein concerning New Capital Charges.

(d). The Agreement shall provide that any and all distribution and drainage system improvements required by District in connection with service of the land of Landowners, whether improvements to District facilities the cost of which are New Capital Charges, or privately owned facilities that are the sole responsibility of Landowners, shall be completed to District's terms, conditions, and specifications as may from time to time exist.

(e). District shall be the sole and final arbitrator as to District's determination of what facilities are required, whether on property currently within District or on the property subject to annexation or others, and as to the nature, scope, and extent of said facilities. District's determination of such shall not, however, be unreasonable in view of the best interest of all the District's members.

(f). The Agreement shall provide that District shall construct all distribution and drainage system improvements to District facilities required by District in connection with service of the land of Landowners and specify the time within which such works will be completed. The capital expenditures by District to serve Landowners shall be paid by Landowners to District as provided above.

4.13. Landowners may, at their own cost and expense, and in accordance with and subject to the Irrigation District Law in Division 11 of the California Water Code, and further subject to approval of the Board of Directors of District, establish Distribution

Districts and Improvement Districts for the financing, construction, operation, and maintenance of distribution systems and the acquisition of additional water.

4.14. When Landowners' property is zoned to facilitate parcels of less than forty acres, the Landowners may proceed with annexation provided suitable private easements and irrigation facilities are available and recorded, and rules and regulations governing their use, maintenance, and replacement, and such are likewise recorded in a form acceptable to District.

G. VOTING RIGHTS:

4.15. Subject to the provisions of Water Code Section 21608, all persons residing on land of Landowners shall have the same right to vote at District elections and to hold District offices as residents of lands owned by Original Landowners.

H. AMENDMENT OF TERMS AND CONDITION'S OF ANNEXATION

4.16. The terms and conditions of annexation set forth in the Agreement shall not be modified or amended except by a recorded instrument in writing executed by District and the then owners of lands described in the Agreement.

5. COVENANT RUNNING WITH THE LAND

5.1. The Agreement shall constitute a covenant, both as to the benefits and burdens, running with the land described therein and shall be binding on Landowners and all successive owners of such land described in the Agreement, or any portion thereof, for the benefit of District and all landowners in District.

6. RECORDATION OF AGREEMENT

6.1. The District shall cause the Agreement to be recorded immediately following the adoption of the Resolution Ordering Annexation by LAFCo and before recordation of the Certificate of Completion by the Executive Officer of the County of San Joaquin.

6.2. District, prior to the adoption of the Resolution Ordering Annexation by LAFCo, shall obtain from a title company of its choice and at Landowner's expense a list of all liens and encumbrances which exist against the property described in the Agreement. District will select which liens and encumbrances are to be subordinated to the Agreement in order to establish the record priority of the Agreement. The Landowners, at their expense, shall secure a subordination agreement subordinating such liens and encumbrances to the Agreement in a form satisfactory to District. Such subordination agreements shall be recorded at the time of recordation of the Agreement, in priority determined by District. The Agreement shall provide that the Landowners, during the period between the receipt of the title report and the recordation of the Agreement,

covenant not to subject the property to further liens or encumbrances than those listed prior to the recordation of the Agreement.

7. EFFECTIVE DATE OF THE AGREEMENT

7.1. The Agreement shall become effective and binding upon the parties thereto when it has been signed by both parties and approved by the District's Board of Directors.

8. LAWS, RULES, AND REGULATIONS OF DISTRICT

8.1. Landowners and the lands so annexed shall be subject to all of the laws and regulations of the State of California, including Division 11 of the California Water Code and the rules and regulations of District, now existing or hereafter made.

9. GENERAL

9.1. By approving any annexation request, District makes no representation to Landowners or anyone else of the availability of water from time to time to said property, nor the quantity, quality, or delivery times of said water to said property, and Landowner agrees that all such is subject to the sound discretion of District and subject to the availability of water.

9.2. Each Landowner shall demonstrate to District an adequate groundwater supply or other alternative water resource.

9.3. All property, once included within the District, shall become subject to the rules and regulations of District and all resolutions, agreements, obligations, and responsibilities of District, both existing and as may be added or changed from time to time.

9.4. Landowner is required to install a flow meter at its expense according to District's specifications, which is to be operational at all times. The meter will be dedicated to and owned and maintained by District. Landowners will be required to sign and deliver to District in recordable form an agreement providing District with the right to access the land of Landowners to read and maintain the flow meter.

9.5. The approval by District of any one annexation request does not obligate the District to approve any subsequent, additional, or other annexation request, and any and all such annexation requests shall be based solely upon the sound discretion of District in considering each annexation request.

9.6. The initiation of annexation requests by Landowners shall be deemed by Landowners to be an irrevocable commitment by Landowners to District that Landowners' property, once included within District, shall be voted favorable to be a member of any subsequent improvement district, drainage district, water district, canal district, reclamation district, sewer district, groundwater recharge district, or any same or

similar district to which the District agrees to become a part, forms within the same or different boundaries or achieves such powers through ballot, legislation, or otherwise.

9.7. Upon completion of the annexation of Landowner's property into the District, all Tier I and Tier II Landowners shall be, if not then in default of any payments due the District, of terms and conditions of annexation or of the rules and regulations of the District, entitled to equal benefits to the District's water supply to the extent of District's water supply, its water rights and its available water delivery facilities, except that the water supply of all Tier II landowners is subject to reduction in any year by decision of the District's Board of Directors in order for District to serve Tier I landowners and to satisfy the District's contractual obligations to the cities of Manteca, Escalon, Ripon, Lathrop and Tracy as of the date of the Agreement.

A motion was made by Director Kamper and seconded by Director Holbrook to approve Resolution #16-16-P with General Counsel to review Section 4.3.3 and to amend as needed. The motion passed 5 to 0 by the following roll call vote:

AYES:	HOLBROOK HOLMES KAMPER KUIL ROOS
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

Item #4 – Financial Statements for October 2016 (Information only)

Item #5 - Investment Reports for October 2016 (Information only)

Item #6 – Presentation by Stantec and summary of the district-wide pressurization study; discussion and staff recommendations

Mr. Bologna addressed the Board and stated the District entered into contract with Stantec Consulting in November 2013 to perform a feasibility study for pressurization of the entire District. Since then, both Stantec Consulting and Davids Engineering have been working jointly on a feasibility assessment to determine the viability of pressurizing the entire District. The primary objective of the study was to provide the Board of Directors with sufficient information to decide if they would like to proceed with this project. He introduced Jeff Shaw, Brian Thoreson, and Duncan MacEwan with ERA Economics who addressed the Board.

Mr. Shaw reviewed a lengthy power point presentation with the Board discussing all of the findings from the feasibility study. He discussed the study development, alternative design concepts, technical analysis, and feasibility analysis. In conclusion, it was discovered that the On-farm alternative is not economically feasible or financially feasible based on the parameters given. The Water Transfer alternative is economically feasible and potentially financially feasible based on the following: water transfers greater than 47,500 acre feet available over a 30-year period; net revenues greater than \$350 acre feet; and the escalation factor of more than 3% per year.

Mr. Rietkerk, General Manager, informed the Board that staff members consisting of himself, Bere Lindley, Sam Bologna, and Forrest Killingsworth formed a committee to review the Feasibility Assessment of Pressurized Water Delivery and the Executive Summary prepared by Stantec and Davids Engineering. He stated the two primary alternatives are, first, the On-Farm alternative which allows all growers irrigating with groundwater to come onto the pressurized system. Secondly, the Water Transfer alternative would be all growers irrigating with groundwater not be allowed to come onto the system until 2069.

Mr. Killingsworth discussed the objectives of the internal review by staff, as well as the review process. Each person on the committee was asked to generate comments and was assigned a designated priority. Comments at all levels were generated, however, the committee was asked to focus on the high priority issues. A high priority is an issue that is detrimental to moving the project forward if it cannot be corrected or mitigated. An issue can be defined as detrimental if the answer to any of the following questions are “no”.

- Are SSJID growers better off?
- Do benefits significantly outweigh costs?
- Is SSJID as an institution better off?

The internal staff review concluded that the Water Transfer Alternative, with the required price increase for irrigation water, would be economically infeasible for a quarter of SSJID irrigators, beneficial to one quarter, and that about half of the irrigators would be indifferent. Staff agreed with Stantec and Davids that the On-Farm Alternative is economically and financially infeasible.

After reviewing all of the information in the pressurization assessment which includes the On-Farm Alternative and the Water Transfer Alternative and the executive summary, the review committee is recommending that under the context of an Irrigation Master Planning effort, additional project alternatives development be completed so that the District may understand the broader spectrum of potential conveyance system improvements and benefits/costs associated with those improvements.

The District proposes that the additional project alternatives must meet the following objectives:

- a) Increase flexibility of irrigation scheduling and reliability for all lands and crop types
- b) Replace aging capital infrastructure in a cost effective manner
- c) Provide equivalent or better economic benefits for all growers within the District
- d) Integrate innovative technology and concepts to improve irrigation operations
- e) Provide a balance of improved operating efficiencies for the District in terms of water, labor, and financial resources
- f) Obtain compliance with regulatory directives such as SBx7-7 and the Sustainable Groundwater Management Act

The alternatives that should be evaluated next include the following:

- a) A no-project alternative which assumes capital replacement of aging pipe as necessary.

- b) A non-pressurized system capable of providing a higher degree of grower control over their irrigation schedules. The range of methods available for accomplishing this objective suggests this is probably a category of several alternatives.
- c) These alternatives must also explore the use of a range of modernization concepts and technologies that provide operational efficiencies for the District.
- d) An alternative considering local groundwater resources and potential low-cost transmission related to groundwater replenishment and pumping.

Consulting support will be necessary to define these alternatives with the precision needed to begin their evaluation. Following the development of a refined no-project alternative, and additional alternatives, the District should then re-evaluate the viability of the pressurization project in conjunction with the additional alternatives and ultimately develop a recommended project that properly incorporates the objectives listed above, and proposes a viable means of financing the project in the context of other strategic District initiatives. This evaluation must also include environmental considerations and mitigations necessary to comply with CEQA and NEPA. Staff is recommending that the Board direct staff to move forward with this recommendation to develop budget and scope for this additional irrigation master planning effort and present the recommended approach to the Board in February 2017.

Mr. Rietkerk closed by saying that the study was a success and that staff is able to develop components from that study. In the upcoming Strategic Planning effort, staff wants to look at the alternatives more comprehensively. Director Kamper supports taking a break to review all of the information and the alternatives. Mr. Lou Tallerico stated that the growers need flexibility and seeks a directive that will allow him and other growers to have more flexibility in irrigating their crops. Director Holbrook thanked Mr. Tallerico for attending the meeting and voicing his concerns.

Item #7 – Communications

Director Holbrook stated at the San Joaquin Farm Bureau meeting they plan to hold a meeting to discuss the Substitute Environmental Document (SED), however, they need a venue that will hold approximately 100 people. The SJFB also wanted to encourage President Elect, Donald Trump, to appoint Richard Pombo to the position of Secretary of the Interior. He urged members to contact Congressman Devon Nunes to support this appointment.

He stated that both Oakdale Irrigation District and the South San Joaquin Irrigation District are recognizing their employees during the holidays and encourages TriDam to do the same.

Director Roos asked that a seven (7) day irrigation schedule be addressed prior to the start of the next water season.

Ed Erisman, Water Treatment Plant Manager

- The references for Advanced Industrial Services, Inc. came back positive and their clients had good things to say about their work. After getting feedback, staff contacted all of the bidders and let them know that AIS, Inc. was awarded the contract.
- A technician from GE was at the WTP last week to make the MIT/Log Removal Calculation code changes. There were a few issues at first and he stayed a few days

longer than GE had anticipated. With help from our staff, the technician was able to finish the programming and so far everything appears to be working fine.

Troylene Sayler, Director of Public Relations

- She thanked the Board members for serving at the Senior Breakfast. She gave a special thanks to Steve Emrick for doing a great job multi-tasking. She received positive feedback from the seniors group.
- On Wednesday, January 25, 2017 the City of Manteca will hold their State of the City breakfast from 7:30 to 10:00 a.m.
- Saturday, January 21, 2017, the Boys & Girls Club will hold their annual crabfeed. Stantec and Quincy Engineering are sponsors for the event.

Sam Bologna, Engineering Department Manager

- Progress is being made on both “A” 178 dd and “Kac” piping projects. The contractor on the MDC project completed the cut-off wall and we received a lot of good support from Kleinfelder that worked with District staff to insure that the proper construction techniques are being followed. District staff has been observing the construction of the wall.
- On Friday, November 18, staff held a tour of the Division 9 Project for sixteen (16) people from the Department of Agriculture. Those in attendance are on a science panel that will be having input to the upcoming grant opportunities referred to as the State Water Efficiency and Enhancement program (SWEEP-PROP1 funding).
- He will be attending a meeting with the City of Manteca regarding the SGMA/GSA effort and to discuss proposed boundaries for their GSA.
- He is working with engineers on three development projects that are seeking approval at the next Board meeting. These engineers hope to be able to replace the pipelines during this maintenance season.

Peter Rietkerk, General Manager

- He attended and was part of a presentation panel regarding the SED at the SJC Board of Supervisors meeting on Tuesday, November 15. They explained their concerns and issues with the SED. A member of the group Restore the Delta spoke in opposition to the SED and believe that both the SED and the Twin Tunnels have some good. The Board of Supervisors plan to oppose the SED on a 5 – 0 vote.
- Preparations are in order for a December 16 workshop; Farm Bureau and District staff will continue ongoing education classes for SED.
- The cities of Manteca, Ripon, and Escalon will approve Resolutions to oppose the SED.
- Strategic Planning workshops will be held on December 19, from 8:00 to noon, with the Board and staff. From 1:00 to 4:00 p.m. that day, and continuing on December 20, the staff members of the group will participate in the workshops.
- District staff met with attorneys from three cities and they desire to become their own GSA and to continue to work with SSJID. They want to reserve their rights to manage groundwater as SGMA permits.

General Counsel Emrick announced that all items listed under Closed Session will be discussed except for item #8b.

Item #8 – Closed Session

- 8. a. Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
 - 4 cases

- c. Conference with Legal Counsel – Existing Litigation
Paragraph (1) of subdivision (d) of Government Code Section 54956.9
 - 3 cases
 - Pacific Gas & Electric Company vs. San Joaquin LAFCO
Superior Court for San Joaquin County
Case No. 39-2015-00321743-CU-JR-STK

 - SSJID vs. Pacific Gas & Electric Company, A California Corp., et al.
Superior Court for San Joaquin County
Case No. STK-CV-UED-2016-0006638

 - I.B.E.W. Local 1245 and Thomas Johnson vs. SSJID
San Joaquin County Superior Court
Case No. 39-2015-00330468

- d. Public Employee
Title: Associate Counsel

Upon their return from Closed Session, it was announced that there were no reportable actions taken in Closed Session.

Item #9 – ADJOURNMENT

There being no further business to come before the board, a motion was made by Director Kamper and seconded by Director Roos to adjourn the meeting at 1:02 p.m. The motion was approved by the following vote:

AYES:	HOLBROOK HOLMES KAMPER KUIL ROOS
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

ATTEST: _____
Betty Garcia, Clerk of the Board