

Manteca, California
March 26, 2013

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at the hour of 9:00 a.m. President Roos called the meeting to order and 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 Shields, General Counsel Emrick, Engineering Department Manager Sam Bologna, and Betty Garcia, Executive Secretary.

Director Roos asked for public comment and there was no public comment.

The Board was asked to consider the following Consent Calendar Items.

CONSENT CALENDAR

- A. Approval of Warrants the amount of \$932,340.60 and A/P Wires in the amount of \$628,897.52.
- B. Approval of Board Meeting Minutes of March 12, 2013.
- C. Approval of Special Meeting Minutes of March 18, 2013.

A motion was made by Director Roos and seconded by Director Kuil to add check #23042 in the amount of \$1996.12, payable to PG&E to the warrants listing. Motion passed unanimously.

A motion was made by Director Holbrook and seconded by Director Holmes to adopt the Consent Calendar items by the following roll call vote:

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

Motion passed unanimously.

ACTION CALENDAR

Item #1 - Update on District's Division 9 Project

Mr. Jeff Shaw reported that the last of the punch list items were being worked on. He said the pump will be re-mounted this coming Friday. The District has not received a failure report but the vendor is not seeking relief from the District or the Contractor. It appears to be an inherent problem. He is still requiring a full report regarding the problem. Siemens will be repairing

three cable issues at turnouts. A cable was repaired at turnout #100 but there is still an issue which could be a problem at the conduit. Five to ten cables were repaired. Three moisture sensors were replaced last week. No other problems with the moisture sensors; all are working well with 98% trending nicely. He would like to produce a report for the farmers advising them of the flow meter issues. The new turnout at Austin Road is finishing up. Director Kamper asked how many turnouts are in the District and Mr. Shaw stated there are 77. Director Holmes asked how many of the turnouts will be used and Mr. Shaw estimated over 50 would be used. Mr. Shaw reported there are six new connections to the pressurized system, and one of them being Mr. Mohler, who is very happy with the system. He reported two failures in the pump stations at turnout #85 and turnout #28. There are a few closing time issues which he believes are related to the check valves on the clay valves.

Mr. Shaw reported the Sacramento Business Journal is writing an article regarding the pressurized irrigation system. He also wants to begin turning the Division 9 operations over to District staff and training them on the various tasks.

Item #4 – Discussion of start of Water Season and report from AG Water Committee

Mr. Catanzarite said all the farmers are now irrigating and that water took up to 14 days to reach some of the divisions. He was concerned with eleven new farmers connecting to the District and being able to meet their water demands. Mr. Shaw said the farmers need to realize there is up to a 5 day wait for water. Mr. Catanzarite said the wait for water could be 5 to 7 days and there needs to be limitations on the water. Mr. Shaw agreed and suggested the Board set limitations on the level of service for water to the farmers. Mr. Catanzarite agreed that direction from the Board on how to meet water demands is important. Mr. Shields said District staff could meet with the Water Committee to work out a matrix. He suggests the Engineering department work with Operations to come up with a solution.

This item was for information only and no action was taken.

Item #2 – Consider request from Raymus Homes to purchase a portion of District property adjacent to the Oleander Estates Development

Mr. Bologna said due to a potential requirement by the City of Manteca for an emergency access road, Raymus Homes would like to acquire the remaining five foot strip of land in addition to the twenty feet the Board agreed to sell to them at the March 12 meeting. This strip of land is needed for District purposes and it will be necessary to reserve an easement with the conveyance. Director Holbrook suggested that Raymus Homes reduce lot sizes to make up the five feet they need. He does not believe the District should continue to make concessions in order to meet the City of Manteca's requirements.

A motion was made by Director Kuil and seconded by Director Kamper to authorize staff to proceed with the sale for the purchase price of \$6342.00 plus typical administrative fees. Motion passed 4 to 1 with Director Holbrook casting a no vote.

Item #3 – Consider approval of amendment to Irrigation Service Abandonment agreement for Jonathon Cloward, APN 228-150-30

Mr. Bologna said the land has been signed off since 1999 and wants to come back on to the District. Currently the land owner is using a well to irrigate. Staff recommendations for approval are as follows:

- Owner shall be apprised of the District’s rules regarding irrigation service as it relates to sharing the use of a private facility and the recommendation to have some type of formal agreement for the shared use of the private pipeline.
- Owner agrees to make all modifications necessary to enable use of the existing pipeline at his own expense.
- Owner shall acknowledge that they are restricted to receiving flood irrigation service and that permission to receive water service by any other means will be subject to submittal of a permit that may require owner to make additional improvements in accordance with the District standards, at their own expense. Owner will further acknowledge on permit that he will be denied water delivery if the Division Manager determines that he is not able to properly manage his water deliveries.
- All conditions stated above will need to be satisfied prior to processing the amended agreement.

A motion was made by Director Kamper and seconded by Director Kuil to approve the agreement to amend Irrigation Service Abandonment agreement for Jonathon Cloward, APN 228-150-30, subject to the above stated recommendations and a revision to the standard agreement that further reflects those conditions. Motion passed unanimously.

Item #5 – February 2013 Financial Statements

Director Roos inquired about the Debt Service Coverage on page 14 and suggested the information be updated. Mr. Lindley agreed.

Item #6 – February 2013 Investment Reports

Director Roos questioned the amounts invested by yield to maturity on page 11. Mr. Lindley said the interest rates are typically above market price. Director Kamper said there must be risks associated otherwise why the District did not buy more bonds. Mr. Lindley said the higher yielding taxable bonds are difficult to find.

Item #7 – Consider compensation adjustment for Utility Systems Director

This item was pulled from the agenda.

Item #8 – Update and potential action on 2013 water sales

This item will be discussed after closed session.

Item #9 – Discussion on rescheduling of April 9 regular meeting of the Board

Mr. Shields stated that he along with Director Holbrook, Mr. Battles and Mr. Emrick would be attending the CMUA conference during the week of our next Board meeting. There was a discussion on whether to cancel the next Board meeting. He said checks would need to be signed. President Roos suggested that staff determine if there were sufficient items requiring action by the Board to continue the April 9 Board meeting as scheduled.

It was noted there will be a special TriDam meeting in Oakdale on April 2.

Item #10 - Communications

Director Holbrook

- He attended the Chamber of Commerce FFA luncheon in Oakdale. It was noted that approximately 173 million tons of almonds and that 87 million tons of walnuts are shipped in the United States. He said the U.S. bought 57% of them. The purchase of nuts are going up at 10% per year.
- Ball company produces a billion glass and cans per year of each type. It is a valuable asset and they employ 400+ employees.

Director Kuil

- He said the sale of almonds are up 57% this year and it is attributed to better marketing strategy. The advertising campaigns stress the health aspect of consuming almonds. He said only 1/3 of the walnuts produced are being sold in the U.S.

Director Roos

- He advised the Board members to submit their Form 700 to Robin as soon as possible.

Director Holmes

- He said “drink milk.”
- Special TriDam meeting to be held in Oakdale on April 2.
- He attended the Chamber of Commerce FFA luncheon in Oakdale and said it was a good time.

Director Kamper

- He said the Water Committee meeting was very productive.

President Roos asked for Managers Reports.

Don Battles, Utility Systems Director

- He distributed information regarding the proposed Ripon 115 kv new line. He said the project will construct a second 115 kv tap line at the Riverbank junction switching station kv line to Ripon substation. The cost of the project is \$10 to \$15 million and is expected to be in service by May 2015.

Bere Lindley, Finance & Administration Manager

- He said the Financial Audit was last week and they brought in five people which made the audit far more efficient. No audit adjustments were required of the District. He stated that Robin Giuntoli played a critical role in the audit. He will be presenting a full report of the audit to the Board in May.
- He will be attending the Springbrook Conference next week.

Troylene Sayler, Communications

- She informed the Board that the Spring Newsletter was published and mailed.
- Last changes being made to new website, should be going live soon.
- Manteca Street Faire is April 6 – 7. District is hoping for a better experience.
- Planet Party Day is April 4 at 9:00 a.m. at the Manteca Unified School District offices located at Louise Avenue and Airport Way. Students learn about their earth, water, power, etc.
- Tickets are available for \$40 to the Fonseca Farms Barn Dance on April 6 at 6:00 p.m.

Sam Bologna, Engineering

- Conservation Program has received 76 applications; \$728,395 committed with an additional 7 applications pending.
- Attended the San Joaquin Farm Bureau meeting. He heard comments and answered questions. The Federal government is spending more money on wildlife preservation.

Jeff Shields, General Manager

- SWRCB hearings were held in Sacramento on March 20 and 21 with a lot of passionate testimony and some constructive input from several groups. Every single speaker opposed the SED and 35% flow either as too little or as providing no demonstrated benefit to fish. It seemed clear the SWRCB is going forward like blind mice and they appeared interested in going through the paces and checking the box that said “we held public comments as required by law.” If they do take the comments seriously, they probably only have two options; one is to forget the stressors; the other option is to go to 60% and achieve some of the benefits that the science supports. The environmental groups put on a compelling case that I suspect would stand in court for 60% and “our side” put on a compelling case that 35% is not going to benefit fish so why force us to dump water for no benefit. Either way this is heading to court and will probably be many years in the legal system. At the heart of this is the need for Jerry Brown to find water to put in his tunnels. He is using the Delta protection (fish) as the case for needing water but in reality this water will be taken south or substituted for Sacramento water that is being diverted. He distributed his testimony to the Board members.
- He informed the Board that FishBio Report for March 2013 is available if they want it. Results show largest adult Chinook passage in past 10 years with 7,065 adults passing upstream at Oakdale. This compares to the 2003 returns of 4,848 and the lowest return in 2007 of 408 adults.
- Working with OID and SEWD to develop a plan to lobby congress and the Obama Administration with a goal of getting the Bureau of Reclamation to adopt our proposed Plan of Operations for New Melones. The three Districts will travel to D.C. to press the

government to get this done before the SWRCB adopts the Delta Flow Criteria and the DSC/BDCP is completed.

- Distributed the water report from TriDam and Districts Weekly Water Usage reports. Current high prices with Peak at \$48/kWh plus renewable values at \$35/kWh. You will probably have a better than budgeted year in power sales. SSJID had a good start of Water Season but not without some glitches. Biggest problem was a problem with TID and Frankenheimer and Woodward Power houses. TID didn't get their paperwork finished with the CAISO so they were not able to run the power houses when we started deliveries. The first week everyone wanted a full head and Joey Catanzarite was finding it impossible to meet deliveries in Director Holmes' district because he couldn't bring down enough water. With a full court press on TID, we managed to get them to get permission from the ISO to let us spin the turbines at ½ MW capacity which was enough to let Joey get another 200CFS into the Main Supply Canal. With the exceptionally high water flows in the pipelines, we saw an up-tick in the number of leaks in some laterals.
- Sam Bologna attended the San Joaquin Wildlife Refuge Expansion meeting on behalf of SSJID. I wrote a letter for him to deliver to the US Fish & Wildlife Service and a copy of that letter was given to each of the Board members.

General Counsel announced the Board would be discussing items 11 a, b, d, and e under Closed Session:

ITEM #11 – CLOSED SESSION

11. a. CONFERENCE WITH LEGAL COUNSEL-Anticipated Litigation
Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9
- 2 cases
- b. CONFERENCE WITH LABOR NEGOTIATOR
California Government Code Section 54957.6
Agency Negotiator: General Manager and Lee Clark
Employee Organizations: IBEW's 1245 and Management Group
- d. CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation
Initiation of litigation pursuant to subdivision © of Section 54956.9
- 2 cases
- e. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
California Government Code Section 54956.8
Property: Water
Negotiating Parties: District, Oakdale Irrigation District, San Luis & Delta Mendota Water Authority
District Negotiator: General Manager
Under Negotiation: Price and Terms of Payment

Upon returning from closed session, the following action was noted on item #11A. A motion was made by Director Holbrook and seconded by Director Kamper to affirm the direction taken at the last meeting to return the Bonde tort claim for failure to specify the date of occurrence. Motion passed unanimously.

Item #8 – Update and potential action on 2013 water sales

A motion was made by Director Holbrook and seconded by Director Kuil to find that the release of up to 40,000 acre-feet of water in April and May of this year at Goodwin for instream purposes in consideration of payment by San Luis and Delta Mendota Water Authority and the Department of Water Resources, is exempt under the California Environmental Quality Act and to approve the notice of exemption to negotiate the Environmental Impact Report (EIR) for the proposed transaction. Motion passed unanimously.

A motion was made by Director Kamper and seconded by Director Holbrook to authorize the General Manager to enter into an agreement with the San Luis and Delta Mendota Water Authority and the Department of Water Resources for the proposed release at Goodwin of up to 40,000 acre-feet of water in April and May of this year for instream purposes and the export of a like amount of water in consideration of payment in the sum of \$100 per acre-foot of water. Motion passed 4 to 1 with Director Holmes casting a no vote.

ITEM #12 - ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Kamper and seconded by Director Holbrook to adjourn the meeting at 1:45 p.m. Motion passed unanimously.

ATTEST: _____
Betty Garcia, Executive Secretary