

Manteca, California
April 12, 2011

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.

Upon roll call the following members were noted present:

DIRECTORS: KAMPER KUIL HOLBROOK HOLMES ROOS

Also present were District Counsel Emrick, Finance/Admin. Department Manager, Bere Lindley and Engineering Department Manager Bologna.

President Holbrook called the meeting to order and asked for public comment. Mrs. Evelyn Prouty of the Manteca Historical Society addressed the Board. Mrs. Prouty thanked the Board for approving the District's membership in the Historical Society. Mrs. Prouty presented John Holbrook with a plaque acknowledging the District's lifetime membership. Holbrook presented Mrs. Prouty with the District's \$5,000 check to the Historical Society.

There being no further public comment the president asked the Board to consider the following Consent Calendar Items.

CONSENT CALENDAR

- A. Warrants of \$816,002.84 & March Payroll of \$339,412.74.
- B. Regular Board Meeting Minutes of March 22, 2011.
- C. Authorize signature of a Structure Abandonment Agreement for the abandonment of Lateral "RGC 40 dd" in connection with Union Ranch Development.
- D. Authorize acceptance of an Easement from Karl Hinricks (APN 257-230-05) for the Division 9 Project.
- E. Authorize General Manager to sign comment letter to Delta Stewardship Council.

Motion by Kuil, seconded by Roos to approve the Consent Calendar as presented.

PASSED AND ADOPTED on this 12th day of April, 2011 by the following roll call vote:

Ayes: Kamper Kuil Holbrook Holmes Roos

Noes: None

Item #0, Approve proposal from Provost & Pritchard Consulting Group to prepare WaterSMART Grant application to USBR. Bere Lindley invited Rick Hanks and Nick Keller of Provost & Pritchard to address the Board. Mr. Hanks outlined their proposal for preparing a grant application to USBR. The Grant is a 50/50 grant, which could pay up to \$300,000. Rick told the Board that Provost & Pritchard have had a lot of success in getting grant applications approved for their customers. Cost for preparation of the grant would be \$25,000. After a lengthy discussion Director Kuil made a motion to deny the proposal from Provost & Pritchard Consulting Group for the preparation of a WaterSMART Grant to USBR. The motion was seconded by Roos and passed 3-2. Kamper and Holbrook voted no.

Item # 1, Approve replacement of the current office postage machine with a Model IM460 and authorize entering into a new 63 month lease agreement. Robin Giuntoli, explained that the

lease on the District's current postage machine has expired. Hasler, the company that is our current vendor, has given us a proposal for a new lease on a new machine. The cost per month on the new machine is less than what we are paying now. Currently we are paying \$267.23 per month. The monthly lease for the new model will be \$129 per month for the first year and \$227 per month for the remainder of the lease. Motion by Kuil seconded by Holmes to approve replacement of the current office postage machine with a Model IM460 and authorize entering into a 63 month Lease Agreement with Hasler. Motion passed, 4-0, Director Kamper was absent for the vote.

Director Roos asked that Item #6 be addressed at this time.

Item #6, Approve an Encroachment Agreement with Marylou Collins (APN 226-100-09) concerning trees planted within the District's easement. Directors Roos & Kamper excused themselves from the room due to conflict of interest. General Counsel, Emrick explained that we sent a letter to the owner of the property the last month. The letter informed Ms. Collins that trees had been planted on top of the District's Lateral and needed to be removed and that she would be required to sign an Encroachment Agreement for the trees planted within the District's easement. Brock & Brett De Jong who farm the property for Ms. Collins were present. Brock told the Board that the trees planted directly on top of the pipeline have been removed. Emrick said that he spoke with the District Inspector and he suggested that more trees needed to be removed. President Holbrook told the De Jongs that staff would need to confirm that all the trees on top of the pipeline have been removed. The Board agreed that the issue be tabled until the April 22nd meeting.

Directors Roos and Kamper returned to the Board Room.

Item #2, Approve the Water Treatment Budget for the Cities. Ed Erisman and Bill Hubkey presented the budget for approval. Hubkey explained that the WTP Cities run on a Fiscal Year Budget. The budget is for 18 months, ending on December 31, 2012 to accommodate the City's fiscal year and the District's calendar year. The Operations Committee members have reviewed and approved the proposed budget. Director Roos asked if in the future the Board could be given a side by side comparison of the current budget and the proposed budget. Bere Lindley said yes that would be done. Motion by Kamper, seconded by Kuil to approve the WTP Budget as presented. Motion passed unanimously.

Item #3, Authorize purchase of V-3 Modules for the WTP. Hubkey explained that under our contract with GE/Zenon, we are scheduled to replace another train of V-2 Modules. The V-3 Modules are paid for from the Water Treatment Plant Capital Replacement Fund. Money for the Capital Replacement Fund is provided entirely by the Cities at the rate of \$923,000 each year. Hubkey requested that the Board authorize the General Manager to review and accept the annual contract cost to purchase one train of V-3 Modules from GE/Zenon. Motion by Kamper, seconded by Roos to authorize General Manager to negotiate and purchase one train of V-3 Modules. The motion passed unanimously.

Item #4, Consider approval of Davids Engineering Inc's proposal for water measurement services. Bologna said that the proposal is a follow up to the Flow Measurement Plan adopted at the March 22nd meeting. Davids Engineering Inc. prepared a proposal outlining the tasks necessary to satisfy the flow measurement requirements for 2011. Phase 1 of the Flow Measurement Plan specifies rating curves to be developed for seven existing flow measurement sites. Davids Engineering Inc. proposal is as follows: Water management improvement support services, \$88,775; On-call services in support of Conservation program, \$25,000; On-call

metering and measurement assessment services \$25,000. The total of the proposal is \$138,775. Motion by Kamper to amend our existing contract with Davids Engineering Inc. to include the tasks outlined in their Flow Measurement Plan Implementation Support Proposal for 2011. Motion was seconded by Holmes and unanimously approved.

Director Kamper made a suggestion that we put flow meters on District pumps.

Item # 5, Reconsider previous Board denial of abandonment of the District's pipeline located on APN 226-140-14 & 226-140-15 owned by Steve Fredriks. At the March 22nd Board Meeting, the Board unanimously voted to deny Fredriks request that the District abandon Lateral W 137 dd located within his property. The reason given for the denial was that if the District abandons that line, the property currently owned by Van Laar (APN 226-140-13) would no longer have access to District water through that line. Bologna explained that since the last meeting, the landowners have agreed to an arrangement that would allow the District to provide water to the Van Laar property in the future, if desired, by conveyance of an easement across the Fredrik property to accommodate future water delivery to that property from the private line. Motion by Kuil, seconded by Roos to transfer the pipeline and quitclaim of easement to Fredriks subject to the recorded conveyance of an easement to the benefit of the parcel identified as APN 226-140-13. Motion passed 4-1 with Holmes voting no. Emrick told the Board that the agreement will be brought back to the Board for approval.

Item #7, Authorize acceptance of new easements from Borges and Machado and quitclaim of existing easement on the Borges property subject to signature of a transfer agreement and adoption of a resolution for the same. Sam Bologna explained that plans for the new pipeline relative to the Division 9 project call for a new easement from Borges and Machado. The existing pipeline on the Borges property will be transferred to Borges and the easement quitclaimed accordingly. Bologna said that this will benefit both the landowners and the District. Motion by Roos to authorize acceptance of new easements from Borges and Machado and quitclaim existing easement on the Borges property subject to signature of a transfer agreement and adoption of a resolution for same. Motion was seconded by Kuil and unanimously approved.

Item # 8, Adopt Resolution 11-03-E, In Support of Future Cash Investment to Provide Retail Electric Service.

**RESOLUTION NO 11-03-E
RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT
IN SUPPORT OF FUTURE CASH INVESTMENT TO PROVIDE RETAIL
ELECTRIC SERVICE**

WHEREAS, The South San Joaquin Irrigation District Board has received and reviewed the updated report prepared by PA Consulting Group dated February 23, 2011.

WHEREAS, The 2011 PA Report evaluated the District's plan to provide retail electric service in light of the District's Supplement filed with the San Joaquin Local Agency Formation Commission in September, 2010. The District's 2010 Supplement presents the feasibility of the District's plan based on factors not considered by PA in the original report dated May 21, 2010. The 2011 PA Report also updated certain market-based assumptions in PA's 2010 Report.

WHEREAS, The PA 2011 Report concludes that the District can provide a six and two tenths percent (6.2%) discount to PG&E rates based upon the economic commitment made in the District's 2010 Supplement, which is an initial equity contribution of \$39 million and an average annual equity infusion of \$1.6 million.

WHEREAS, PA also concludes in its 2011 Report that the District would need to inject \$39 million initially, and an average of \$15 million annually, to provide a fifteen percent (15%) discount to PG&E's retail rates. The additional annual equity would be required in large part due to the change of certain key assumptions from those used by PA in the 2010 Report. The District has received limited information from PA due to proprietary and confidential limitations, and is unable to confirm the underlying factual support which would justify these major changes.

WHEREAS, the District has determined that the economic support of the retail electric project will not impair its ability to continue to operate and maintain its existing operations, including expenditures for appropriate capital improvements,

WHEREAS, The 2011 Report further determined that the District's annual share of Tri-Dam Project revenue through 2020 would average \$18.3 million. The updated report did not consider revenue the District will receive from the Tri-Dam Power Authority.

WHEREAS, If the assumptions, economic projections and findings in the PA Report occur, the District is prepared to commit the additional equity determined by PA to be necessary to provide retail electric service at a fifteen percent (15%) discount to PG&E's retail rates.

NOW THEREFORE, BE IT RESOLVED, that the Board

1. Authorizes the preparation and filing with San Joaquin LAFCO of financial information and projections demonstrating its ability to meet the higher annual cash contribution determined by PA in its 2011 Report, while maintaining sufficient revenue to operate and maintain its existing operations, including capital expenditures, even though SSJID believes that the PA 2011 Report may overstate the amounts required; and
2. Commits to contribute the necessary capital to achieve a 15% discount, up to and including an average of \$15 million annually determined to be required by PA in its 2011 Report.

PASSED AND ADOPTED this 12th day of April 2011 by the following roll call vote:

Ayes: Kamper Kuil Holbrook Holmes Roos

Noes: None

President Holbrook asked for Directors Reports:

Holmes reported that he and Donald Thornburg attended SDRMA's Safety Day.

Kuil said he and Kamper attended the TriDam Committee Meeting. He said they were given an overview of the 2010 audit.

Kamper commented that the Tri-Dam Auditor's report was good but felt some of the suggestions were not practical. Also reported that he observed Fish & Game recently at Woodward Reservoir testing some new fish shocking equipment. He said Fishbio was also present.

Holbrook poled the Board to determine if there will be a quorum at the May 10 Board Meeting due to the Spring ACWA Conference. Directors Kamper, Kuil and Holmes said they would not be attending the conference that day and would be available for the Board meeting.

Managers Reports.

WTP Manager, Bill Hubkey reported the following:

- WTP staff have completed the first quarterly acid cleans.
- The perimeter fencing project at Woodward Reservoir is now complete.
- The final draft for the Sanitary Survey is being reviewed by staff and will be returned next week for corrections.
- The City of Tracy has reactivated its ground water recharge program.
- The 2011 Drinking Water Infrastructure Needs Survey and Assessment is complete and final comments have been submitted as required by EPA.

Utility Systems Director, Don Battles:

- Reported that he and Jeff Shields attended the 79th Annual CMUA Conference. He said it was a good conference.
- Program highlights:
 1. State & Federal issues updates
 2. Speaker Carla Peterson, California Energy Commission spoke on energy conservation issues
 3. Updates on Water & Energy policies

Communications Coordinator, Troylene Saylor:

- Give Every Child A Chance fund raising event on June 4 & 5 called "Roping on the River". As a \$5,000 Sponsor the District will be given several VIP seats for the rodeo. The event will be held at DeOsso Farms in Lathrop.
- The Manteca Senior Breakfast has been rescheduled for November 19.
- Reported that we received overwhelming support at the Manteca Street Fair held two weeks ago. Had an unfortunate incident involving a member of the Common Sense Group, who came to our booth and caused a disturbance.

Finance/Administration Department Manager, Bere Lindley:

- Reported that the Manteca Street Fair was a very positive experience.
- He and Jeff Shields went to San Francisco and met with the Executive Director and CFO of an organization called T.U.R.N.
- The District Audit will be finalized after the Tri-Dam Audit is completed. This is the first time that we will be drafting the audit's management letter "in house".
- Kevin Martin is working on a proposal to make the District's portfolio more liquid.
- Providing new financial projections for the Municipal Services Review.
- Bid opening next Thursday for the Microwave Tower Project.

General Counsel, Steve Emrick

- Handed out the Fishbio San Joaquin Basin Update
- TriDam Daily Report

- Jeff Shields is in Washington DC for the SJC One Voice Trip.
- Reviewing the US Forrest Service contract
- Approved the following Structure Permits:
 - 1). Ed Bruno (APN 245-220-11&12) to install flow meter on existing pump located on Lateral “S1” @ Sta. 80+/-
 - 2). John Vander Meulen (APN 225-020-05) to install three 24” valves and structures on Lateral “A” @ Sta. 3-6,308 & 310 +/-.
 - 3). John Van Till (APN 257-230-08) to install 500’ of 16” PVC pipe from Division 9 sprinkler line to pump station.
 - 4). Marylou Moore Collins (APN 226-100-09) to install flow meter to existing pump on Lateral “We” @ Sta. 60 +/-.
 - 5). Pete Van Staaveren (APN 245-230-11) to install flow meter to pump on the MDC @ Sta. 524 +/-.
 - 6). Rick Van Vliet (APN 205-060-38) to install flow meter on existing pump on Lateral “Bf” @ Sta. 166 +/-.

Kamper asked about the status of Division 9. Bologna said he is confident that we will have the plans complete and ready to go out to bid by April 22.

President Holbrook called for a short break before Closed Session.

General Counsel announced the Board would be discussing Items 6 a. - c. under Closed Session.

- 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 LEGAL COUNSEL- Anticipated Litigation
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 - 3 cases
Various water quality proceedings before State Water Resources Control Board—
Delta Flow Criteria, San Joaquin River Flow Objectives
- c. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
California Government Code Section 54656.8
Property: Water
Agency Negotiators: General Manager and General Counsel
Negotiating parties: District and South Delta Water Agency and Stockton East Water District
Under Negotiation: Price and Terms of Payment

Upon returning, General Counsel announced that no reportable action was taken in Closed Session.

There being no further business to come before the Board it was moved by Director Kamper seconded by Director Kuil to adjourn the meeting to April 26, 2011. Motion carried unanimously.

ATTEST: _____
Cheryl Burke, Executive Secretary