

Manteca, California
April 25, 2006

The Board of Directors of the South San Joaquin Irrigation District met in regular adjourned session in their chambers at the hour of 9:00 a.m.

Upon roll call, the following members were noted present:

DIRECTORS: DEGROOT KAMPER ROOS SCHULZ KUIL

Also present were Secretary/Manager Stroud, District Counsel Emrick, Utility Systems Director Shields, Engineering Department Supervisor Bologna, Water Treatment Manager Hubkey, and Jay Hesby of Black & Veatch.

President Roos called the meeting to order and asked for public comment. There being no public comment, he asked the Board to consider approving the Consent Calendar items as submitted.

CONSENT CALENDAR

- A. Warrants of \$411,873.26.
- B. Regular Board Meeting Minutes of April 11, 2006.

Motion by Director Kuil, seconded by Director DeGroot, to approve the Consent Calendar items as presented.

PASSED AND ADOPTED this 25th day of April 2006 by the following roll call vote:

Ayes:	DeGroot	Kamper	Roos	Schulz	Kuil
Noes:	None				

President Roos asked for a status report from WTP Manager Hubkey. Hubkey said we signed an agreement with Karl Needham to remove the sludge in ponds 3 and 4. We have given an offer, subject to successful completion of the District's pre-employment physical, to an individual to fill the vacant Instrument Tech position, he has accepted, and will start in mid May.

Hubkey introduced Jay Hesby of Black & Veatch. Hesby said we have clearance from Zenon to use phosphoric acid instead of citric acid for cleaning. He noted Zenon failed to meet the 30-day limit for cleaning by 4 days, and failed the 42-day performance test. Both tests must be completed within the time limits for completion of Zenon's contract.

Hubkey reported that Overaa has requested final payment. We told them they will not be paid until punch list is complete, including working chemical pumps, and replacing a broken valve. The Zenon performance testing is also an outstanding issue. Hesby feels this remaining work could be done within 60 days, but Hubkey was not that optimistic.

Director Kamper asked why no lines were piped from the plant to the lab for sampling. Hesby said B&V looked at that in the planning stage and felt the distance from the plant to the lab was too far to maintain sample integrity and thus decided that site testing was preferred. He said it still could be done, but he does not recommend it.

President Roos asked the Board to consider adopting Resolution 06-06-E. Resolution of South San Joaquin Irrigation District to negotiate Agreements with Manteca, Escalon, Ripon and San Joaquin County To Use Public Facilities to Provide Retail Electric Service. Emrick reported this is to answer criticism from PG&E that the Cities and County will lose money if we take over their retail system. We are merely formalizing what we have stated for some time that we will make sure they get the same fees that they currently receive from PG&E. Of course, in addition, the Cities and the County will receive a minimum 15% discount from what they pay PG&E. He stated the resolution does three things: 1. Keeps the cities whole; 2. Reimburse for lost property taxes for the

County; and 3. Directs staff to meet with and negotiate agreements with the Cities and the County. Emrick recommended approval. Motion by Director Kamper, seconded by Director DeGroot, to adopt Resolution # 06-06-E.

RESOLUTION NO 06-06-E

RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT
TO NEGOTIATE AGREEMENTS WITH MANTECA,
ESCALON, RIPON, AND SAN JOAQUIN COUNTY TO
TO USE PUBLIC FACILITIES TO PROVIDE RETAIL ELECTRICT SERVICE

WHEREAS, South San Joaquin Irrigation District (“District”) is considering whether to exercise its legal authority under Water Code section 22115 to provide retail electric service by acquiring existing electric transmission and distribution facilities owned and operated by Pacific Gas & Electric Company, and

WHEREAS, the District’s purpose in providing retail electric service is to reduce electric rates; improve the quality and reliability of electric service; restore responsibility and accountability for electric resource policy and practice to locally elected officials who are accountable to voters in the communities served by the District, and provide a means of more equitably distributing the economic benefits of the District’s ownership of hydroelectric generating facilities, while at the same time not causing the cities within the District or the County of San Joaquin to experience reduced revenue from loss of franchise fees or property taxes that may currently be paid by Pacific Gas & Electric Company on account of its ownership and operation of electric transmission and distribution facilities, and

WHEREAS, many of the electric transmission and distribution facilities needed to provide retail electric service within the District are located in streets, roads, highways and other public rights of way built, repaired and maintained by San Joaquin County and within the Cities of Manteca, Escalon and Ripon, and

WHEREAS, the District will require additional fire protection, police services and other public health and safety services from San Joaquin County and the Cities of Manteca, Escalon and Ripon as a result of expanding the services it provides to include retail electric service, and

WHEREAS, it is in the public’s interest for the District to ensure that neither San Joaquin County nor the Cities of Manteca, Escalon and Ripon suffer a reduction in revenues required to properly construct, repair and maintain streets, roads, highways and other public rights of way or to provide fire protection, police services and other public health and safety services as a result of the District providing retail electric service, and

WHEREAS, it is in the public’s interest for the District to ensure in its permission agreements with the Cities of Manteca, Escalon and Ripon under Water Code section 22476, that the Cities receive the same amount of revenue for fire protection, police services and other public health and safety services and for the use of streets and roads within the Cities that they currently receive through franchise fees, and

WHEREAS, it is in the public’s interest for the District to ensure through agreement with the County that the County will receive the same amount of revenue for fire protection, police services and other public health and safety services and for use of streets, roads highways and other public rights of way within the County as it currently receives through property taxes on property used for electric transmission and distribution service located within County, and

NOW THEREFORE, BE IT RESOLVED that:

1. The District is committed to providing the same amount of franchise fee revenue to the Cities of Manteca, Escalon and Ripon, if the District acquires electric transmission and distribution facilities owned and operated by Pacific

Gas & Electric Company, as they currently receive as a result of Pacific Gas & Electric Company's ownership of such facilities.

2. The District is committed to providing the same amount of revenue to San Joaquin County, if the District acquires electric transmission and distribution facilities owned and operated by Pacific Gas & Electric Company, as the County currently receives through property taxes as a result of Pacific Gas & Electric Company's ownership of such facilities.
3. District staff is directed to meet with officials of Manteca, Escalon and Ripon and the County of San Joaquin to negotiate agreements to assure the District's right to use public rights of way necessary to provide retail electric service and to accomplish the foregoing objectives, for the Board's further action...

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

PASSED AND ADOPTED this 25th day of April 2006 by the following roll call vote:

Ayes:	DeGroot	Kamper	Roos	Schulz	Kuil
Noes:	None				

The undersigned Secretary of South San Joaquin Irrigation District certifies that the foregoing Resolution was adopted by the Board of Directors at a meeting held on April 25, 2006

Dated: _____, 2006

By _____
Stevan Stroud, Secretary

President Roos asked Utility Systems Director Jeff Shields to give a report to the Board. Shields reported that the power outages at the District's water treatment plant are extremely expensive. He was asked where we were with MID supplying power at the plant. He said we are still negotiating with them. Additionally, PG&E failed to read the meter at the Lathrop Pump Station for several months, they estimated the bills at approximately \$2,000 a month. They read the meter about three weeks ago and sent us a "true up" bill for \$50,000.

Hubkey said there had been another power outage over the weekend. He said PG&E told him the reason for the outage was birds. Jeff Shields said birds do cause outages, but such risks can be mitigated with proper maintenance. In addition, PG&E's system is in poor condition and will be reflected on the price we pay for it.

Shields reported that the PUC would be holding a Public Hearing in Modesto on May 9, 2006 from 2:00 p.m. to 7:00 p.m. on PG&E's proposal to increase rates in their service area.

Shields Reported that he took the Publisher of the Lathrop-Manteca Sun Post on a tour yesterday of the Tri-Dam facilities and the Water Treatment Plant. The Sun Post will be sending both PG&E and SSJID a "question of the week", which we both must answer in 300 words or less. They will publish the results weekly.

LAFCO Workshop is set for May 19, 2006. LAFCO Commission Hearing on June 15th or 16th, 2006.

The EIR is complete and has been submitted to the County.

Received a letter from MID relative to allowing SSJID to take power through their Clough Sub Station and for them to serve customers along the border.

President Roos called for a short break at 10:30 a.m.

Upon returning, President Roos asked the Board to consider approving a Revised Personnel Policy and Tobacco Policy. Emrick noted we updated the smoking policy to comply with recent law changes, and added a ban on chewing tobacco to the policy at the request of some employees. The bargaining units have reviewed and have no problem with the revisions to the Personnel Policy or the Tobacco Policy. He recommends approval. Motion by Director Kuil, seconded by Director Director Kamper, and unanimously carried, to approve the revisions to the Personnel Policy and the Tobacco Policy.

Consider approving change in regular Board Meeting date from Tuesday, May 9, 2006 to Monday, May 8, 2006. After discussion, it was moved by Director Kamper, seconded by Director Schulz, and unanimously carried, to cancel the meeting, or set a special meeting for May 8, 2006 if they feel a meeting is necessary.

President Roos asked for General Manager's report:

Stroud reported that the ACWA packets are ready and in the mailboxes of those attending.

Reported that someone cut the back fence last week and stole two aluminum gates. The gates weigh about 600 pounds each. A couple of days after stealing the gates, someone broke into PG&E's yard next door and loaded a PG&E truck with about \$7,000 in copper wire using PG&E's forklift. They then broke into several other trucks and got a card, which opens the gate, took the truck and the coils. Another robbery was reported in the business park east of the District yard. Some suggestions for improving security were sharing a guard patrol with PG&E and neighbors to the east. Dog for the back part of the lot. Monitoring cameras. Various alarm systems to detect entrance into our yard. We have already ordered another camera and a couple of yard lights. Additionally, staff will be looking at several other options, including those mentioned earlier.

Work on the Joint Supply Canal and the Main Supply Canal was finished. The JSC was finished on April 15 and the MSC, was finished on April 22. The work was actually finished a week ahead of schedule thanks to the efforts of District crews.

We started delivering irrigation water to farmers yesterday. Currently we have approximately 21,000 acre-feet in Woodward Reservoir. Stanislaus County is working on raising the saddle dams so we are bringing in about 425 cfs and taking out around 250 cfs in order to allow them some additional time to finish their work.

President Roos asked for Directors reports:

Director Schulz asked about patrols on the Joint Supply Canal. Stein said that currently SSJID patrols the lower end up to the long tunnel three times a week. In the past OID patrolled from Goodwin Dam down to the long tunnel, however, he is not sure they still do. Stroud said we will investigate.

Director Kamper reported that he and Director DeGroot attended an Ethics Seminar last week. Both Directors Kamper and DeGroot said the primary thing they learned was to use common sense. For example, if you can justify doing something to a 60 Minutes television crew, then go ahead and do it.

President Roos asked the Board to go to closed session. General Counsel Emrick reported that two items will be discussed in closed session.

Conference with Legal Counsel relative to anticipated litigation, initiation of litigation. Gov. Code, S. 54956.9 (c) Three cases.

Conference with Legal Counsel relative to anticipated litigation, significant exposure to litigation. Gov. Code, S. 54956.9. One case.

Upon returning from closed session, General Counsel Emrick reported the Board authorized the initiation of litigation and once formally commenced, the action, the

defendants and the other particulars will be disclosed upon request. There was no reportable action taken in closed session.

President Roos reported that the Board would be taking most of the Administrative employees out to lunch today in honor of Administrative Professionals Day as a show of appreciation to them.

Motion by Director Schulz, seconded by Director Kuil, and unanimously carried to adjourn to May 23, 2006 unless the General Manager determines that a meeting on May 8, 2006 is necessary.

ATTEST:

John Stein, Assistant Secretary