

Manteca, California
May 22, 2012

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: HOLBROOK HOLMES KAMPER KUIL ROOS
ABSENT: None

Also present were General Manager Shields, General Counsel Emrick and Engineering Department Manager Bologna.

Director Holbrook called the meeting to order and Director Kamper led the salute to the flag.

Director Holbrook asked for public comment. Ms. Katie Patterson from the San Joaquin Farm Bureau stated this was her first time attending the Board meeting but plans to attend future meetings. She indicated the Farm Bureau is interested in the District's Division 9 Project and informed the Board to contact their organization if the Bureau can be of any assistance. The Board welcomed Ms. Patterson.

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

CONSENT CALENDAR

- A. Warrants of \$821,722.34
- B. Regular Board Meeting Minutes of May 7, 2012
- C. Accept Notice of Completion for the Microwave Radio Project (SSJ-2011-04)
- D. Approval of the April 2012 Financial Statements and Investments
- E. Approve signature of the following Consent to Entry Property Agreement and Certificate of Acceptance. This property is participating in the District's On-Farm Water Conservation Program. John Franzia, APN 205-090-52

Director Roos asked that the minutes be corrected in his Director's report to remove the words "River Group."

Motion was made by Director Roos and seconded by Director Holmes to approve the consent items with the correction to the minutes.

PASSED AND ADOPTED on this 22nd day of May, 2012, by the following roll call vote:

Ayes: Holbrook, Holmes, Kamper, Kuil, Roos

Absent: None

ACTION CALENDAR

Item #1 - Update on Division 9 Project

Jeff Shaw, Project Manager, addressed the Board. Mr. Shaw stated staff is working through the process to get the employees educated on using the website. To date, there are 45 farmers connected to the system and of those over 40 are controlling their water delivery. He stated the farmers are able to access the program and order their water online with a two day advance notice. He indicated that the farmers who are using the system enjoyed the ease of ordering their water. However, he stated there are a couple of farmers who are still not using the program. Mr. Roos asked if those farmers were currently using the gravity system. Mr. Bologna stated yes but in all fairness, these farmers need to use the new system. He said using the gravity system defeats the purpose of the project and the gravity lines are dedicated to flood. He said a notice should be sent to the farmers who are not currently using the system. Mr. Holbrook asked if a timeline should be established to get the farmers to use the new website. Mr. Bologna stated the farmers will need to be signed up and using the website so that we can get an accurate test of the sprinkler systems.

Mr. Holmes asked what the current flow rate is. Mr. Shaw said approximately 7000 gallons, however, it can go up to 19,000 gallons. Mr. Kuil asked what was the highest flow rate and Mr. Shaw said the system had tested up to 22,000 gallons. He stated this is a learning process and this summer would tell us more. Mr. Kuil asked the average height of the water in the ponds and Jeff Shaw stated 10 to 12 feet. Mr. Shields stated the invoice received for the first month from Modesto Irrigation District was \$18,000 and he would be interested to know what the water usage was. There are no restrictions on when requests can be put in and he said it is less expensive to operate at night and would encourage the farmers to run in the off-peak hours. Mr. Emrick stated incentives could be considered that would encourage farmers to use the system in the off-peak hours.

Mr. Shaw would like to see enhancements to the website. The ditchtenders have laptops in their trucks and would be able to log in and access real time information on the current basin level and receive continual updates on the SCADA system. He stated the farmers are asking many questions regarding technology, moisture sensors, and run charges. He would like to add a component that would allow farmers to get real values such as averages over 100 years for ET's and CIMIS, California Irrigation Management Information System based on exact condition of orchards. The system allows the farmers to access more information. He is working on a punchlist with the contractor. Mr. Bologna thanked Mr. Shaw for his troubleshooting efforts to make the system run smoothly. Director Holbrook asked Directors Kamper and Kuil to speak with the farmers about getting online and connected to the new system. Director Holbrook thanked Jeff for a job well done.

No action was taken on this item.

Item #2 – Approve contract with Velociter Wireless to rent space on the MDC tower

Mr. Frank Avila, Telemetry Systems MDC Supervisor, addressed the Board. He explained that Velociter Wireless has been utilizing the space at the old MDC tower for many years and with the installation of the Microwave System we now have a 120-foot lattice tower at the MDC Control Room site. He said the new rent in the monthly lease is \$300 with a percentage increase added each year. This will be a 20-year contract, however, either party may terminate the lease by giving a six months written notice. The tower height is confined to between 65 to 70 feet. Director Kuil asked if there was room for other people on the tower and Mr. Avila said yes.

Motion was made by Director Kuil and seconded by Director Holmes to enter into the contract with Velociter Wireless under the new lease agreement. Motion passed unanimously.

Item #3 – Authorize lease agreement with Lucas Business Systems

Mr. Sam Bologna addressed the Board. He explained that the Engineering Department staff share a common color copier which is located in Dawn Driesen's office. He said the copier was purchased in December 2010 for \$983 but since that time the District has spent \$6,088 in repairs and toner. The machine is a low volume copier with limited capabilities and continues to break down due to heavy usage. He stated this would be a 36 month lease. Director Kuil asked if a 60-month lease would be better. Mr. Bologna stated with ever changing technology a 3-year lease would be best. Mr. Shields stated the copier would also be used by both Legal and Safety departments.

Motion was made by Director Kamper and seconded by Director Holmes to authorize staff to enter into a 36-month lease with Lucas Business System. Motion passed unanimously.

Item #4 – Approve Purchase of VUA254 online analyzer

Mr. Bill Hubkey addressed the Board. He explained the use of the analyzer provides continuous organics monitoring of the raw water using an ultraviolet light source. It also helps control taste and odor problems. Director Roos asked if this has anything to do with turbidity. Mr. Hubkey stated no and said it helps to cut down on the use of chemicals.

Motion was made by Director Kuil and seconded by Director Roos to purchase the analyzer and accept the quote from Chemtrac in the amount of \$8,905 plus tax and shipping. Motion passed unanimously.

Item #5 – Update on development of volumetric rates

Mr. Bere Lindley and Ms. Robin Giuntoli addressed the Board. Mr. Lindley distributed a sample customer bill for Division 9 pressurization charges to the Board. He explained how the bill calculates and presents the tiered rates that have been adopted for the Division 9 Project. April is

the first billing period for the Division 9 Project. Lindley and Giuntoli explained that they prefer to use the existing Springbrook accounting and billing software for billing the new Division 9 fees and the new SBX7-7 volumetric rates, rather than purchase new software. Truebill would cost about \$50,000. Ms. Giuntoli explained that the Springbrook software will be upgraded to the latest version over the next weeks. Until the upgrade is complete, the Division 9 bills will be processed in Excel.

Mr. Lindley then explained that SBX7-7 imposes a deadline on the District to adopt new irrigation water prices which are volumetric at least in part, by July 31, 2012. The new rates would be charged to irrigation customers beginning with the 2013 irrigation season. Adoption of the new rates requires the District to comply with the Proposition 218 process of notifying all affected landowners and then holding a hearing at least 45 days after mailing the notice. He explained the schedule for developing and adopting the new rates which results from these requirements. A schedule to meet the July 31 deadline requires that the new prices be adopted for inclusion in the Proposition 218 notification at the next board meeting on June 12.

Ms. Giuntoli had researched the rate designs used by other irrigation districts in California. Mr. Lindley presented the board with three sample rate design models to illustrate several rate design features. He discussed with the Board issues involved in a rate design that would be compliant with SBX7-7, and asked the Board to indicate their preferences on certain rate design options so that management can develop a rate design most likely to be acceptable to the Board at the June 12 board meeting.

Without a vote, the board indicated consensus on the following points:

- The criteria for an acceptable rate design should:
 - a. Satisfy the volumetric pricing requirement of new Water Code §10608.48(b)(2).
 - b. Reduce the subsidy that irrigation requires from non-irrigation revenues.
 - c. Allow for price elasticity of demand.
 - d. Minimize changes in irrigation costs for individual irrigators compared to the existing charges.
 - e. Be inexpensive and simple to implement and administer.
 - f. Not introduce opportunities for disputes with irrigators over measurement accuracy.
- A lower rate per acre-foot makes it easier to achieve several of these criteria.
- Of the three rate design examples presented in the memo to the board, Rate Design B was favored as a model for the new rates. Rate Design B uses a fixed charge per acre plus a one-tier rate per acre foot delivered. Rate Design B was favored because:
 - a. It is simple and less expensive to implement and administer.

- b. Avoids complexities introduced by tiered rates or minimum charges based on a water allotment.
 - c. The lower rate per acre-foot minimizes changes in irrigation costs for individual irrigators, when comparing the new rates to the old rates.
 - d. It carries a lower rate per acre-foot than other designs which has the benefit of reducing the cost of measurement errors and the likelihood of measurement disputes.
 - e. The fixed charge component allows for a lower rate per acre-foot.
- Bills need not be issued monthly. We should consider billing quarterly or less frequently.

The Board indicated that the acreage to use for the fixed charge per acre should be the gross parcel size in the public county records rather than the actual number of acres under cultivation. This would be easier to administer and would reduce the opportunity for disagreements with customers.

The relation of the new rates to the Division 9 pressurization charges was discussed. Several directors recommended that the fixed charge component of the new prices should be the same both for customers of the new Division 9 Project and for the other customers. Mr. Shields recommended characterizing the Division 9 charge as a pressurization fee and continuing the current practice of charging the pressurization fee to Division 9 Project customers in addition to the water charge paid by all irrigators. Under this plan the new rates would apply equally to customers of the Division 9 Project and to customers who are not connected to the Division 9 Project, and Division 9 customers would pay the pressurization charge in addition. The pressurization charge is intended to recover the costs of electricity used to pressurize the Division 9 Project. Some directors agreed with the suggestion to change the Division 9 pressurization fee to a single tier rate. Others suggested waiting to make changes to the Division 9 rates until we have a better idea of whether the charges are covering the cost of electricity.

No action was taken on this item.

Item #6 – Various reports as follows

President Holbrook asked for Directors Reports:

Director Kamper

- Attended the ACWA conference in Monterey. He went to the clean water tank workshops and learned if a tank is over 1.5 million gallons it should be made of concrete.
- Attended the water savings seminar which included entertainment and food services industries. They are implementing different ways to save water, such as hanging up your towels in hotels so they do not have to be replaced daily which saves millions of gallons of water. He found this seminar to be very interesting.

- Attended the carbon credits seminar and found that Tri-Dam may have credits they can auction off.

Director Holmes

- Attended the Water Committee meeting with Bob Verdegal. We need to develop a new policy on filling ponds by the end of the water season

Director Roos

- Attended the ACWA conference in Monterey and attended the Delta Flow Requirements workshop and said there were good speakers. He said they addressed the impacts of SBX7x7 and the conservation efforts to save just under 2% of water. He stated the handouts and materials were excellent.
- Attended the Region 4 workshop that spoke to the redistricting in state legislature. He said it is important to meet with new people to let them know about South San Joaquin Irrigation District and what we do.
- Attended the Groundwater Recharge workshop that spoke about Sacramento and Zone 7. He says they want information from SSJID and that new rules will be imposed on us. He said a Salary Survey will be out in August and will be a helpful tool.

Director Holbrook

- He attended the Flood Control Advisory meeting which is a five county coalition getting together with six counties in Southern California to form an eleven county Coalition which could not promote anything that would be detrimental to any member county. Members of the eleven counties in the San Joaquin Valley are coming up with projects that would help the Delta increase water flow to Southern California.
- Attended the ACWA conference in Monterey. He attended the EnerNoc & PG&E seminar and found that PG&E will pay \$500 to \$1000 to entities that reduce their energy use during peak times. An increase of \$1 per kwh during the peak hours will be implemented soon. Flat rates for the farmers are going away. He said there is \$24 million available for special projects regarding technical and demand response and will be granted on a first come basis.
- Attended a low flow generation unit seminar. There is a certain amount of power available, possibly 52 megawatts. There are low head hydro power units; 70 mwh in Central California and 102 mwh in Southern California.
- He got the most out of the individual vendors who attended the conference. He found the Irrigation Leader magazine to be very interesting.
- He attended the Tri-Dam Committee meeting on May 21 with CH2M Hill, Dan Pope. He said there is a new generator at Donnell's. In keeping with compliance issues, they are benchmarking certain values, what the costs are if you want to vote for them. They would use the competitive bidding process. There is a third generation unit at Tulloch, and we still need to get the renewable energy credits.
- He stated the APPA conference is coming up June 16 in Seattle, Washington.

President Holbrook asked for Managers Reports.

Bill Hubkey reported the following:

- The City of Lathrop has requested the District only provide pressure backup to their own water system. It would not take any water. Lathrop has started using its own arsenic remediation system. It currently only takes about ½ mgd per day. Plant staff are trying to adjust the pumps to work at that low of a flow rate. He said we can meet their issues but cannot let water sit in their turnout facilities.
- The Plant Manager attended a town hall meeting about getting fire and emergency services to the plant. In-district rate payers are concerned about the Oakdale Rural Fire District providing service to out-of-district customers. The fire district will be sending out an interest form and fee schedule in the near future to judge interest in the matter.
- A small speed boat sank in the Woodward Reservoir this weekend on Saturday May 19th. About 10 gallons of fuel and one quart of oil were released. County staff handled the situation.

Don Battles, Utility Systems

- Billed the cities based on E-19 rate covering 92% of overall power cost for the Water Treatment Plant.
- Conergy is doing the first phase of maintenance of the Solar Farm panels for the year.

Troylene Saylor, Communications

- Division 9 dedication ceremony on June 1st at 9:00 a.m.

Sam Bologna, Engineering

- 2012 Water Conservation Program update: 146 applications received; still waiting for information on ten additional applications.
- Water line project is moving forward.
- RFP will be issued for Ag Water Management Plan.
- Ray Hellstrom is retiring on July 20 after 29 years of service.

Jeff Shields, General Manager

- Hired Betty Garcia as Executive Secretary on May 21.
- SSJID/OID joint letter to Ron Milligan at the US Bureau of Reclamation regarding 2012 water allocation. Since the 1988 agreement, the Bureau notified Districts of what our allocation would be on April 1st each year. This method of determining the allocation relied on DWR's forecasted runoff for April through September. In 2007, the Bureau decided to change their methodology and use actual runoff rather than projected to set our allocation. By doing so, the District is at risk of exceeding our allotment, or, as happened in 2011, leaving water in the conservation account that the Bureau does not acknowledge in the letter. We asked the Bureau to go back to April 1 forecast method until they are able to work with us to set new criteria for the Bureau's accounting of inflow so the District can better manage its water through the irrigation season. This is necessary because we have found that the Bureau frequently makes adjustments to the inflow data months after the monthly reporting is released.

- SJTA first call for funds for \$225,000.
- Ron Stramiska Jr. announced the summer maintenance and shop work schedule effective Monday, June 4 through October 1. Hours will be 6:00 am to 2:30 pm going back to 7:00 am to 3:30 pm in October.
- Aircon Energy submitted an agreement to develop a plan to construct a micro-hydro facility on SSJID's Main Distribution Canal. By signing their agreement the District is obligated to provide Aircon Energy access to our facilities and information necessary to develop the feasibility study and specifications for an in-stream small generation unit. The District's liability is limited to \$1,500 to reimburse Aircon if the District elects not to move forward with the project.
- Thieves cut the lock over the weekend and stole a 600 lb. magnet that was bolted to the crushing bucket on our equipment at the River Road yard.
- Manteca RDA Successor Agency meeting at 2:00 pm today at City Hall. This is the second meeting to start the process of unwinding the RDA and disposing of the debts and unnecessary assets.
- TriDam Daily Report and SSJID Weekly Irrigation water reports for week starting Sunday, May 6 and May 13 were handed out.
- Met with Congressman Jeff Denham's staff in Stockton on May 17 to discuss Delta and water rights issues.

General Counsel announced the Board would be discussing items 7, A, B, C, D & E under Closed Session.

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 and seconded by Director Kuil and unanimously agreed upon, to adjourn to the next scheduled meeting to be held Tuesday, June 12, 2012.

ATTEST: _____
 Betty Garcia, Executive Secretary