

Manteca, California
May 23, 2006

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

Upon roll call, the following members were noted present:

DIRECTORS: KAMPER ROOS SCHULZ

ABSENT: DEGROOT KUIL

President Roos noted that Director DeGroot was recovering from knee replacement surgery. Also present were Secretary/Manager Stroud, District Counsel Emrick, Utility Systems Director Shields, Engineering Department Supervisor Bologna, and Water Treatment Plant Manager Hubkey.

Director Roos 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. SSJID Warrants of \$854,648.35, and payrolls of \$232,878.52.
- B. Regular Adjourned Board Meeting Minutes of April 25, 2006.
- C. Adopt Resolution No 06-07-V, Authorizing the Sale of Property no Longer Necessary for District Purposes.

RESOLUTION NO 06-07-V AUTHORIZING THE SALE OF PROPERTY NO LONGER NECESSARY FOR DISTRICT PURPOSES

WHEREAS, the District may sell for valuable consideration, any property of the District, which it finds to be no longer necessary for District purposes;

WHEREAS, the Board of Directors of the South San Joaquin Irrigation District finds Chevrolet Silverado short bed pickups for sale listed below;

DISTRICT I.D. NO.
243-01

SERIAL NUMBER
1GCEK14T61Z261799

that are no longer necessary for District purposes and that it is in the best interest of the District to sell said property; and

WHEREAS, the District finds, the following value is a fair consideration for said property;

DISTRICT I.D. NO.
243-01

FAIR MARKET VALUE
\$7,800.00

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Assistant General Manager of the District is authorized to display said property for sale for a period of ten days thereafter, directed to sell said property to whoever presents the highest cash offer, provided that the offer is equal to or exceeds the following:

DISTRICT I.D. NO.
243-01

MINIMUM PRICE
\$7,100.00

BE IT FURTHER RESOLVED AND ORDERED that the Assistant General Manager is authorized and directed to take all necessary steps and execute all documents necessary to transfer title to said property.

- D. Approve renewal of Wonderware Maintenance Contract with E & M Inc.
- E. Accept and File notice of Completion for McHenry Commercial Development (Lateral “Ka”).
- F. Accept and file Notice of Completion for work on the Lateral “F” Pipeline Replacement Project (SSJ-2005-3).
- G. Accept and file Notice of Completion for work on the Lateral “V” Shot Crete Project (SSJ-2005-1).
- H. Accept and file Notice of Completion for work on the Lateral “R” Long Crested Weirs Project (SSJ-2005-2).

Motion by Director Kamper, seconded by Director Schulz, to approve the Consent Calendar Items listed above

PASSED AND ADOPTED this 23rd day of May 2006 by the following roll call vote:

Ayes:	Kamper	Roos	Schulz
Noes:	None		
Absent:	DeGroot	Kuil	

California Water Environmental Association, (CWEA) Presentation to Pam Neronha, Water Treatment Plant Operation and the Nick C. DeGroot Water Treatment Plant. Mr. Bob Gillette past President of California Water Environment Association, presented the Hatfield Award for Professionalism and Performance to Ms. Neronha. Pam thanked Mr. Gillette for the award. She also thanked the Board and Bill Hubkey, Plant Manager, for hiring her and helping her reach her goal of being Operator T3-D3.

Accept and approve the 2005 audit prepared, and presented, by Maze & Associates. Vikki Rodriquez and Dustin Claussen of Maze told the Board that they found no material weaknesses. They said relative to “Memorandum on Internal Structure”, they have only one recommendation relative to Investment Policy, which states “The District currently has investments in money market mutual funds which are permitted by the California Government Code, Section 53601, however, these types of investments are not detailed as a permitted investment under the District’s investment policy. Recommended the District change its investment policy to reflect these types of investments are permissible.

Ms. Rodriquez went through the Financial Statements. She said that other items we may need to address in the future, but not until 2008, are Other Post Employment Benefits (OPEB). Director Kamper asked if the line “Tri-Dam Power Authority” distributions on the NON-OPERATING REVENUES (EXPENSES) portion of the Financials, was correct or should it be “Tri-Dam Project”. After discussion it was determined that, it is a combination of the two and the Board asked that Maze put, on separate lines, both the Tri-Dam Project and Authority on the report. Ms. Rodriquez said she would make the change as requested to clarify the matter. Assistant Manager Stein asked if we need to hire an actuary to calculate OPEB, or since we have less than 100 employees can we do this in-house. Ms. Rodriquez said she would recommend that the District hire an actuary.

Motion by Director Schulz, seconded by Director Roos, and unanimously carried to accept the Basic Financial Statements for the Year Ended December 31, 2005, subject to the correction on the Non Operating Revenues as stated above.

Consider authorizing approval and signature of appurtenant documents with special conditions and requirements for Union East Development. Bologna said the developer would replace 1,700 feet of 42” pipeline on Lateral “Rff”. District cost will be approximately \$40,800 toward the pipeline replacement. Existing pipe is 36”, which was increased in size to 42” in order to maintain proper flows. Bologna recommended approval and signature of documents subject to compliance with special conditions referred to in Item #13 of the Developers’ Agreement. Motion by Director Kamper, seconded by Director Schulz, and unanimously carried, to approve

the plans and authorize execution of all documents subject to compliance with Item #13 of the Developers' Agreement.

Consider conceptual approval of District property interest to Leo DeGroot. Bologna said the value of the property, based on property values available, is approximately \$97,000. Due to the significant difference in estimates, Stroud recommended an appraisal. After discussion it was moved by Director Kamper the property to Mr. Leo DeGroot at a cost of \$75,000 based on the District's existing policy which applies a 75% factor to market value. Motion Carried with three Ayes, and two Absent, Directors DeGroot and Kuil. General Counsel Emrick asked Mr. DeGroot if Nick DeGroot has any ownership or other interests in this property. Mr. Leo DeGroot said "no, Nick DeGroot doesn't own any of it".

05-23-06

Consider awarding annual chemical bid for the Water Treatment Plant. Hubkey told the Board that they received proposals for most chemicals required. On some chemicals we received one bid and on others we received two or three bids. He asked the Board to approve the low bidder for each of the chemicals needed. Director Kamper asked if there was any commitment by the District for volume. Hubkey said "no" we could not make such a commitment because we have no way of knowing the exact volume. The Cities do not have to take any water. He said the bids are firm for one year; however, there could be delivery surcharges for fuel. Total estimated cost for the chemicals for fiscal year 2006-2007 is approximately \$654,000. Director Roos asked if we would use more Citric than Phosphoric Acid. Hubkey said citric acid costs less per gallon than phosphoric acid, but not as much phosphoric acid is required to treat the same amount of water. Motion by Director Schulz, seconded by Director Roos, and unanimously carried, to approve awarding bids to the low bidder for each chemical.

Consider approval of additional cabinets & countertops for the water treatment plant lab. Hubkey explained the need for more counter space and told the Board that he sought quotes from several vendors locally. We received only one bid and that was from the contractor who did the initial cabinets. Several of the local bidders said they did not submit a proposal because they could not match the existing metal cabinets. The bid we received was \$17,617.72. Hubkey recommended approval. Motion by Director Kamper, seconded by Director Schulz, and unanimously carried, to approve purchase of the additional cabinets from Laboratory by Design of Napa, at a price not to exceed \$17,617.72.

President Roos asked Plant Manager Hubkey to give his report.

Hubkey reported the following:

1. New Instrument Control Tech, John Goeringer, started yesterday.
2. The two apprentice operators status is as follows: Matt Gonzales took the Grade 3 test last week. Charles Galea took and passed the Grade 3 test. Charles is taking an accelerated certification process, which will give him his certificate in six months instead of 18 months.
3. Zenon has committed to using phosphoric acid, and should be doing their required 42-day test in July.
4. We found that 19 aluminum baffles are bent. The Manufacturer is going to come and look at them; we will let you know the result.
5. Sludge bed 4 is clean and is being used. Beds 2 and 3 are in the process of being cleaned.
6. There was a power outage at the Plant on Sunday.
7. Flows are currently steady at 22 MGD.

Director Roos asked about the bill from Ashvac. Hubkey said they pumped out the grit that comes from the lime in the basins. He said the alternative is using manual labor which would be more expensive.

Discussion and conceptual approval to hire an engineering firm to evaluate Drains 10 and 11. Emrick said he feels the study is necessary to make sure, when and if we agree to allow the City to use these drains, that we can accurately gauge the impacts. In addition, so we can inform the City of Manteca the costs incurred so the City can charge Developers appropriately. Emrick said we are asking to obtain proposals for the study. It was the consensus of the Board to get proposals. No action was taken.

Consider authorizing and approving signature of documents with special conditions and requirements for Iron Gate East Development. Bologna said the City will need to put in a storm drain crossing at our lateral. City will need an encroachment agreement. There is no cost to the District. Recommend approving and authorizing execution of necessary documents subject to compliance with those special conditions and requirements referenced in Item 13 of the Developer's Agreement. Motion by Director Schulz, seconded by Director Kamper, and unanimously carried, to approve the project and authorize execution of documents conditionally as recommended above.

Consider adopting resolution for transfer of property interest to Fred Ergonis. Bologna said the original offer to sell has expired. Mr. Ergonis is asking for an extension. Motion by Director Kamper to collect the money in one month, and to require construction be complete in two months. Bologna said the money should not be a problem. However, completion of construction in two months may be a problem due to the irrigation season. He recommends extending the completion of construction to December 31, 2006. Motion died for lack of a second. Motion by Director Kamper, seconded by Director Schulz, and unanimously carried, to increase the price by 20% from \$41,147 to \$49,377, which is to be paid by June 9, 2006, and to require completion of construction on or before December 31, 2006.

Board members oral reports on the ACWA Conference May 9 – 12, 2006. The Board members agreed that the conference was very beneficial. The Ethics course was good. However, we are already complying with the ethics thanks to having in-house counsel to remind us. Kamper noted in one workshop it was reported that the average major federal project from start to finish is a 15-year project.

President Roos asked for Manager's reports:

Stroud reported the following:

1. In the last two months, burglars have cut through our fence six times. Although our losses have been minimal, some of our neighbors are not so lucky. PG&E lost a dump truck loaded with several rolls of copper wire. In the Industrial Park to the east, losses include copper wire, and vandalism. As a result, we hired, a security service, Sintex. They patrol eight hours per night, alternating start times of 8:00 and 9:00 p.m. Since Sintex started, May 5, 2006 they reported seeing a vehicle behind Northern boundary of the District yard one night, two individuals on bikes another. We have had no intrusions since they started. Stein said the cost is \$3,720 per month, \$15.50 per hour, and we can cancel with 30 days notice. We contacted PG&E and some of the occupants in the industrial park about sharing the cost. At this time, no one has expressed an interest. Stroud asked if the Board wants to continue the service. It was the consensus of the Board to continue. No action was taken.
2. Water deliveries have run about 600 cfs since starting up again. When power was lost at the Woodward outlet on Sunday, May 21, 2006, we lost water because the gate failed to open and we lost water in the Main Distribution Canal for three hours. TID has made the necessary repairs to their emergency system, however we will not know if they succeeded until we have another power outage.
3. Fox River Paper Company is asking that we reconsider their request to cancel Irrigation Service Abandonment Agreement #1431. Asst. GM Stein and Operations Supt Morrow met with them yesterday to go over their latest plans. Stein reported that they plan to irrigate property adjacent to Highway 99 and the Stanislaus River. After further investigation it was found that the approximately 36 acres Fox River is wanting to irrigate, is outside the District and is not the land they originally abandoned. Stein said they are planning to plant Perennial Rye Grass and would like to buy water from the District. Stroud said if the Board has any

interest in an out of District sale, he would put the issue on the agenda next meeting. There was no comment from the Board.

4. Last week we applied Magnacide for the first time this season, with no problems.
5. San Joaquin Delta Water Quality Coalition will be monitoring 15 sites this year. Because of the increased costs, they indicate they will be increasing the annual membership cost from \$1.00 to \$1.60 per acre.
6. City of Manteca wants to expand area for out of District drainage service. They will be looking at doing an EIR, and improvements. We will need the results from the Drain 10 & 11 study noted above before we can get too far into discussions.
7. Tom Wilson, Manteca Mural Society, has an artist, John Pugh, who wants to meet with our Board Committee on Thursday, May 25th, to discuss conceptual plans. He said he will set up a meeting.
8. Reported the clutches burned out 3 times on the screens at the "Q" line in the last four weeks. He said the screens have been removed until we can eliminate the problem. Additionally, to clean out the material from the screens we manually have to throw the trash over the edge onto the ground, and then shovel up into a truck to be disposed of. Access to the filter system, that needs to be cleaned several times a day, is a potential safety problem. Ray Simons is looking at a way to eliminate the hazard. Thus, before we put the screens back we will be looking for answers to the above problems.
9. June 15, 2006 is the Tri-Dam meeting. June 23rd is the San Joaquin River Group Authority meeting.

President Roos asked for Directors reports:

Schulz asked about the discount if we pay our ACWA dues in advance. Stein said he will investigate and report.

Consider approving expenditure to install automatic electric meter prototypes. Shields said we are looking at five sites, most likely the Water Treatment Plant, and perhaps the four pumping stations. He said the cost is \$4,000, with \$3,000 refundable if the system does not meet our expectations. He recommends the Board authorize the General Manager to execute an agreement with PL Group. Motion by Director Schulz, seconded by Director Kamper, and unanimously carried, to authorize execution of the agreement with PL Group as recommended.

Due to scheduling conflicts with the APPA Conference in June, possible action to change the June 13th regular board meeting date. Motion by Director Kamper, seconded by Director Schulz, and unanimously carried, to change the meeting from June 13, 2006 to June 6, 2006 at 9:00 a.m.

President Roos asked Utility Systems Director Shields to give his report:

Shields reported:

1. He is scheduled to testify before the PUC on Friday, May 26, 2006. He said he will be testifying relative to estimated billings by PG&E.
2. We have not confirmed a final date for delivery of the EIR to the San Joaquin County Planning Commission. June 15, 2006 is the date set for a hearing before the planning commission.

President Roos called for closed session relative to litigation and personnel matters. General Counsel Emrick indicated three items will be discussed in closed session.

Conference with legal counsel relative to anticipated litigation, initiation of litigation. Gov. Code, S. 54956.9 (c). Two cases.

Conference with legal counsel relative to anticipated litigation, significant exposure to litigation. Gov. Code, S. 54956.9. Three cases.

Conference with legal counsel, existing litigation. Gov. Code, S. 54956.9. Delta Keeper v. SSJID, Superior Court for Sacramento County, Case No. 04CS00228.

Upon retuning from closed session, General Counsel Emrick reported there was no reportable action taken in closed session.

Compensation review and possible action on Utility Systems Director. President Roos announced we are removing from the agenda, and will put it back on the agenda the 6th of June.

Motion by Director Schulz, seconded by Director Kamper, and unanimously carried, to adjourn to June 6, 2006 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary