

Manteca, California
May 24, 2005

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, District Engineer Gilton, Utility Systems Director Shields, Operations Finance Supervisor Giuntoli, Operations/Water Supervisor Morrow, Assistant Water Supervisor Haggard, Maintenance Supervisor Atherstone and Water Treatment Systems Manager Hubkey.

President Roos called the meeting to order and asked for public comment. Tom Bottorff, Senior Vice President for PG&E addressed the Board. He said it would cost the District 300 million dollars to take over the PG&E system. Using these figures, rates would have to increase by 28%. Mr. Bottorff was asked about PG&E's proposed rate increases. He responded that to the contrary, they have asked for a reduction, but when pressed, he admitted it would reduce industrial and commercial rates up to 4%, and raise residential rates by average of 0.2%. Bob Geer, Sr., asked Mr. Bottorff why when a PG&E pole fell across North Ripon Road and power lines fell across a District truck that he (Geer) was driving, it took over 2 hours for PG&E to respond. The employees' supervisor said the lineman who received the call, promptly responded but he was some distance away from where the call came in. He never did answer why it took over two hours to let law enforcement, fire officials, and Mr. Geer know that the line was not energized. He did go on to say that PG&E has what it takes to respond to any emergency. Chris Bennett, Supervisor for PG&E at Jackson said they now have an employee in the truck 24/7 to respond to these types of calls. Several other members of the audience spoke, but failed to be recognized or to give their names. Hunter Stearn, Business Representative of the IBEW told the Board the IBEW doesn't take sides, but they prefer things remain the way it is now.

President Roos asked the Board to consider approving the Consent Calendar Items as submitted.

CONSENT CALENDAR

- A. SSJID Warrants of \$1,152,512.08.
- B. Regular Board Meeting Minutes of May 10, 2005.

Motion by DeGroot, seconded by Schulz, to approve the Consent Calendar Items as submitted with a minor change on Director's reports, Kamper said he asked Mike Gilton, to call him about Drain 13.

PASSED AND ADOPTED this 24th day of May 2005 by the following roll call vote:

Ayes: DeGroot Kamper Roos Schulz Kuil
Noes: None

Presentation of the 2004 Annual Audit by Maze & Associates. Robin Giuntoli introduced Vicki Rodriguez and Tim Kris of Maze. Mr. Kris said there are three points he wants to make about the report and the audit:

1. Their opinion is an "Unqualified Opinion". This means it is a clean opinion-excellent by any measure.
2. The District is in solid financial position, based on comparisons with other public entities.
3. No material weaknesses were found in the audit.

Mr. Kris went through the audit and answered questions. After discussion, per request of President Roos, that since the Board did not get the financials until the morning of the Board Meeting, he would like to have a chance to review them and thus table approval of the 2004 Annual Audit until the June 14, 2005 meeting. No action was taken.

Consider approving Amended Agreement between property owners: Kaech, Reece and White to rescind Irrigation Service Abandonment Agreement and impose charge on land to secure agreement. After discussion of the issues, it was moved by Kamper, seconded by DeGroot, and unanimously carried, to approve the Agreement, with item number 4 removed, which required payment of \$1,200 for downstream pipe and to allow 45 days to provide the gate and documents required by the agreement.

Salary review for Assistant Water Supervisors. Stroud told the Board that per request of Director Schulz this item was placed on the agenda. He said additionally he is asking that the Board consider doing a complete compensation study of all current employees; such as they did for the Water Treatment Plant and Engineering employees and such as they have indicated they will do for the electrical employees if we enter the retail electric distribution business. Tom Haggard told the Board that the water department employees had been told prior to negotiations in 2004 that their wages should be considered in negotiations. He said in negotiations, we were told this is not the place to do this, so we are back now that negotiations are over. Both Directors Kuil and Roos denied this. Director Kamper told the employees if they wanted more money they should have applied for the positions at the water treatment plant, however, from what he heard there was no one qualified to do so. Shields told the Board he had done several of these studies, said they are necessary for good morale and he recommended the Board consider doing a study. President Roos directed the issue of a study be put in the hands of the Personnel Committee and Utility Systems Director Shields to meet and make a recommendation to the Board. No action was taken.

Consider approving purchase of a flatbed dump truck, and a 3-axle dump truck to replace old District equipment now at the end of useful life. Stroud recommended purchasing the flatbed dump truck for \$64,464.95 and the 3-axle dump truck for \$89,231.78 from the low bidder, Interstate International Truck Center. Motion by Kuil, seconded by Schulz, and unanimously carried, to purchase the replacement trucks from Interstate at the prices stated above.

Authorize the General Manager to execute Change Order No. 1 with Condor Earth Technologies, Inc. Gilton said Condor was given a contract to perform a hazard assessment study of the Joint Main Canal and tunnels. Additional work is required which will include a revision to the report or data volumes, a meeting with staff to discuss these findings, and a presentation to the Board. Total amount of the Change Order is \$7,965.21. Gilton and Stroud recommended approval. Motion by DeGroot, seconded by Kamper, and unanimously carried to approve the change order and authorize the General Manger to execute it.

Authorization to accept and file a Notice of Completion for Pipeline Contract Section 3, C. R. Fedrick and Pipeline Contracts 4 & 5, Ranger Pipeline Construction. Motion by Kamper, seconded by Kuil, and unanimously carried, to authorize filing of Notices of Completion for Contract Sections 3, 4 and 5 as requested above.

Consider approving the San Joaquin River Group Authority budget amendment. Stroud said that we would need an additional \$170,000 to pay for cash flow for this monitoring and educational grant. This money will be reimbursed by a Cal Fed grant, but not in time to pay consultant costs and expenses, therefore the request. Motion by Kuil, seconded by Kamper, to approve the budget amendment of \$170,000 as recommended. Motion Carried, Ayes 3, Noes 2, with Directors Kamper and Schulz voting No.

Consider approving an extension of the contract with Fleege & Associates. Stroud asked this item be tabled until the next meeting. No action was taken.

Review of Lateral Vg Agreements. Director Kuhl said he would like to give Machado's a chance to irrigate three times to see if there is any damage to our line. He said he

would personally be there to observe this and would follow up on checking to see if there is any damage. Motion by Schulz, seconded by DeGroot, and unanimously carried; to authorize Machado's to irrigate three times to see if there is any damage.

President Roos called a recess for lunch.

Upon returning from lunch President Roos called the meeting to order and noted Director DeGroot left for personal business. He then asked for Manager's reports:

Stroud reported the following:

Draft of Master Storm Drainage Agreement with the City of Manteca was placed in the Board packets. He asked if the Board had any questions or suggestions regarding the agreement.

Relative to Worker's Compensation Insurance, we will have quotes at the June 14th meeting for renewal of the AIG contract and a viable JPA alternative. A decision will be needed on the 14th if the Board selects the JPA alternative, so necessary paperwork can be completed in time.

Monday, May 30, 2005 is a Memorial Day, and a holiday for the District employees.

Monday, June 6, 2005 at 9:00 a.m. is a special meeting for LAFCO Hearing on our application to LAFCO relative to the retail power.

June 16th is the Tri-Dam meeting, to be in Manteca.

Water usage this year season-to-date is approximately 40% below last year.

We applied Magnacide last Thursday with no problems. The application time was considerably longer than normal. It will take another week to determine if the longer time had any effect on performance.

Relative to the City of Stockton and Cal Water Service's request to extend the water sale to SEWD we met with OID to begin developing a list of issues to address. We have another meeting scheduled with OID for June 1st.

Stein reported that on Saturday, May 21st, he and Jeff Shields played golf at the Jack Tone Golf course in a church sponsored tournament. On the 11th hole Shields had a hole-in-one.

Director's reports:

Schulz said he toured the Tulloch Reservoir with 5 members of Calaveras County Board of Supervisors, their Attorney, and 1 member from Tuolumne County Board of Supervisors to continue work on plans to effectively manage growth in the area.

Kamper said the City of Manteca is looking at putting in pipe for the District, if we allow them to use our 99 Crossing for drainage. He said Sam Bologna is discussing this with the City.

President Roos called for closed session relative to litigation matters. General Counsel Emrick stated the Board would discuss items a through e.

- a. Conference with legal counsel, existing litigation, Gov. Code, S. 54956.9. Delta Keeper v. SSJID.
- b. Conference with legal counsel, anticipated litigation, initiation of litigation, Gov. Code, S. 54956.9 c. Two Cases.
- c. Conference with legal counsel, anticipated litigation, significant exposure to litigation, Gov. Code, S. 54956.9 c. One Case.
- d. Conference with real property negotiator. Negotiating parties: District and Lloyd Prothers, as Trustee. Property: Stanislaus County APN's 002-210-048,

- 002-041-008 and 002-021-048. Agency Negotiators: Steve Long and Steve Emrick. Under negotiation. Price.
- e. Conference with real property negotiator. Negotiating Parties: District and current owners. Properties: San Joaquin County APN's: 208-060-11 and 203-060-13. Agency Negotiators: Jeff Shields, John Stein, and Steve Emrick. Under Negotiation: Price.

Upon returning from closed session the following actions were reported taken in closed session by General Counsel Emrick:

Relative to Martin property, Motion was made and unanimously carried by the Board to authorize General Counsel Emrick to settle this claim for \$3,785 plus the cost to seal the Martin's driveway.

Relative to the Prothers property, Motion was made and unanimously carried by the Board authorized signature of the agreement between Lloyd Prothers and the District, as presented to the Board.

General Counsel Emrick reported there was no other reportable action taken in closed session.

There being no further business to come before the Board it was moved by Kamper, seconded by Schulz, and unanimously carried, to adjourn to Special Meeting on June 6, 2005 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary