

Manteca, California
June 9, 2009

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 KUIL SCHULZ ROOS
ABSENT: KAMPER

Also present were Secretary/Manager Shields, District Counsel Emrick, H. R. Analyst Thornburg, Water Treatment Plant Manager Hubkey, Utility Systems Director Battles, and Communications Coordinator Saylor.

Vice President Holbrook called the meeting to order and asked for public comment. There being none he asked the Board to consider approving the Consent Calendar items as presented.

CONSENT CALENDAR

- A. Warrants of \$684,123.70, Wires of \$135,742.13 and Payrolls of \$340,457.14.
- B. Regular Board meeting minutes of May 26, 2009. Director Roos noted that the representative from the San Joaquin Farm Bureau was spelled incorrectly, it was spelled Bremley, should be Brumley.

Motion Director Kuil, seconded by Director Schulz, to approve the Minutes as corrected above.

PASSED AND ADOPTED this 9th day of June 2009 by the following roll call vote:

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

Consider approving bid from Carver Construction for building and installation of an engineered cover over the DAF screw compressors. Hubkey said due to damage from rain and UV light to the control panels. To date we have spend \$18,000 to repair the damages. To correct this we had Forsgren & Associates engineer a shelter to meet our needs. We got four bids to build and install the cover. The bids ranged from \$19,658 to \$40,000. Hubkey recommends we accept the bid from Carver Construction at \$19,658. Motion by Director Kuil, seconded by Director Schulz, to authorize staff to accept the proposal of Carver Construction at a cost not to exceed \$19,658. Motion carried, Ayes 3, Noes 1, with Director Roos voting No.

Consider approving contract with Apex Painting, Inc., to remove rust/paint and prime main electrical substation at the WTP. Hubkey said the bids ranged from \$1,950 to \$3,140, however, the high bid reflected the RFP with five years warranty and an acrylic paint that is UV resistant, while the low bid did not. Shields said the reason he did not approve this himself, but rather put it on the agenda, is because we are not recommending the low bid. Counsel Emrick advised the Board that there were liability risks by not taking the low bid. Motion by Director Kuil, seconded by Director Roos, and unanimously carried to approve having Apex Painting do the work at a cost not to exceed \$3,140.

Vice President Holbrook asked Hubkey to give his managers report:

- Staff has started their second quarter cleans of the fibers.
- We are into the 90 day test of not using carbon dioxide and lime to monitor the effects on the fiber membranes and any cost savings that may result.
- Passed inspection by the Lathrop Fire Department at the Tracy substation. The inspection is required because we have liquid ammonia at the station.

Vice President Holbrook asked Matt Frediani of Cutler Segerstrom to address the Board concerning Worker's Comp renewal with SDRMA, our current insurer. Frediani told the Board that due to an increase in our MOD Factor from 1.01 to 1.41, basically a 40% increase, our cost for the 2009/2010 fiscal year would be approximately \$360,000, and last year it was \$267,755. He said he got quotes from both State Compensation Fund and Zenith Insurance, and they were both in excess of \$500,000 thus he is recommending renewing with SDRMA. When asked why the big increase in the MOD factor he said it was due to the number and type of claims we have had the last couple of years. Thornburg said we hope to bring the claims down by providing modified work programs and being more diligent at disciplining employees when injuries are avoidable. Also, we are meeting with claims adjusters in two weeks to discuss and push to close claims that are open with reserves. Director Holbrook asked about the Credit Incentive Program and why we only had 11 of an available 15 percent. Frediani said that he and Thornburg are working on reaching the 15 percent level. He said that due to some errors at SDRMA we are getting additional points, for example at the Special Districts Conference by AGM John Stein and Director John Holbrook attended a workshop that awarded credits that were not given by SDRMA. Motion by Director Roos, seconded by Director Schulz, and unanimously carried to approve renewal with SDRMA at an estimated cost of \$360,212.

Consider accepting a Grant Deed from Union Ranch Partners for the Communication Tower Site. Shields said that staff recommends approval. Director Holbrook said there are numbers on the "Legal Description" the "Map accompanying the Legal Description" and the "Cell Tower Cooperation Agreement" that need to be corrected prior to executing the documents. For example on the Legal 250.11 feet is used, on the Map 250.12 is used; on the Legal there is a mistake in the description; now reads 270.00 feet northerly, should read 270.13 feet NOI degrees 24'47" W; the legal says 12.01 feet and 12.00 feet and the Agreement says 15 foot easement. Motion by Director Holbrook, seconded by Director Roos, and unanimously carried to approve and authorize execution of documents when all corrections are made to the satisfaction of the District Counsel and District General Manager.

Discussion and possible action relative to an agreement with General Electric (GE) for purchase of replacement membrane modules. Shields said that it has taken three years and the efforts of himself and previously his predecessor Steve Stroud, to get an agreement that is fair and equitable. He said Alan Forsgren helped get GE to the table by introducing PALL Membranes to us. When we told GE we were looking at other options, (namely PALL Membranes) they were more willing to negotiate with us. Hubkey said the new V3.3 modules should reduce problems and as we replace old V2 sets with the new sets we will keep the good V2 modules. The reserved V2 modules will be used as spares for when we have a bad module to remove. Emrick said the 8 year warranty does not guarantee performance to a given set of standards, just against defects in materials or workmanship. Cost is \$720 per module plus \$50 for the 8 year warranty. Shields recommended approval based on his and General Counsel Emrick being satisfied with the final terms of the agreement. Motion by Director Schulz, seconded by Director Kuil, and unanimously carried to approve agreement as recommended.

Vice President Holbrook asked for Manager's reports:

Battles reported:

- That the US Government as a part of the Stimulus Plan is offering a 30% credit for insulation, windows, doors, HVA, and solar. He handed out copies of the Plan.
- A recap of how the true up power bill for the Cities is calculated was handed out. He said the need is created because prior to installing the solar the plant was billed by PG&E at the E-19 rate, but we now use the A-6 rate because it is high at peak, which is when we produce power, and low at off peak. Based on the A-6 the amount saved with the solar \$163,760.36 from June 2008 thru May 2009.

Sayler reported:

- That the 100th anniversary celebration on May 27, 2009 was a success with attendance estimated at 600 people. She thanked the directors and staff for their

participation. Director Holbrook thanked Sayler in particular and the staff for the great job of putting on the celebration. Shields also thanked Sayler and staff for great job at the 100th anniversary celebration.

- Reported that Don Battles, Mr. & Mrs. Holbrook and I attended the Manteca Chamber dinner last Saturday.

Shields reported:

- Shields handed out a draft letter addressed to Senator Boxer on SB787 in opposition to the "Clean Water Restoration Act". Shields told the Board that he intends to sign and mail the letter unless told otherwise by the Board. Consensus of the Board was for Shields to sign and send the letter to Senator Boxer as soon as possible.
- Passed around an invitation to the Raymus/Simas Dinner.
- Passed out weekly water reports.
- CSDA announced their dues are not increasing in 2009.
- Did a required-by-law special prevention plan for our fuel tanks, cost \$1,250 for the plan.
- Senate 681 allows the State Water Resources Control Board (SWRCB) to initiate water rights proceedings, to charge fees because they are holding the meetings. We are opposed and will write letters so stating.
- Annual barbeque for employees is Thursday, June 11th. At the barbeque we will be celebrating the retirement of two long time employees, Ron Morrow and Don Smith. Instead of waiting until the awards banquet in January 2010, we will give them their respective gifts based on years of service at the barbeque.
- Had our annual inspection by the Manteca/Lathrop fire department on June 4, 1009 and passed the inspection.
- Congressman McNerny has an open house on June 27, 2009 from 1:00 p.m. to 3:00 p.m. in Stockton.
- At Spring Creek in Ripon, July 16, 2009 at 6:00 p.m. the Ripon Chamber of Commerce is having their annual dinner.

Vice President Holbrook asked for Directors reports:

Director Kuil asked when we will see results from the pump monitoring program. Shields said he would look into it and get back to the Board. Also asked about a washing away of the south side of the Main Distribution Canal on River and Victory Roads. Shields said he would check it out.

Director Schulz asked about reports that Division Managers turn in for repairs. He said that a landowner told a Division Manager about problems, which were not fixed last winter and now he has damages and will likely file a claim. Shields said he would check it out.

Vice President Holbrook called for closed session. District Counsel Emrick said we have five items to discuss in closed session.

- A. Conference with legal counsel, anticipated litigation, initiation of litigation. Gov. Code, S. 54956.9. Seven cases.
- B. Conference with real property negotiator, Gov. Code, S. 54956.8. Negotiating parties: District, City of Stockton, SEWD; and District and USBR/SLDMWA. District's negotiators: General Manager and General Counsel. Under Negotiation, Terms of Payment for Sale of Water.
- C. Public Employment Appointment. Gov. Code, S. 54957. Title: General Manager Tri-Dam Project.
- D. Conference with legal counsel, anticipated litigation, Gov. Code, S. 54956.9. Various hearings and workshops concerning the San Joaquin River and the Bay Delta before the State Water Resources Control Board.
- E. Public Employment Performance Evaluation. Gov. Code, S. 54957. Position: General Manager.

Upon returning from closed session the following action was announced by General Counsel Emrick relative to item B. above. The Board approved a motion by Director Kuil, seconded by director Roos and unanimously carried to approve a one-year sale of 25,000 acre-feet of water to the San Luis and Delta Mendota Water Authority to assist farmers in the members' districts.

No other reportable action was taken in closed session.

Vice President Holbrook asked the Board to consider compensation adjustment for the General Manager. Motion by Director Schulz, seconded by Director Kuil, to adjust the General Manager's annual salary to \$169,000. Motion Carried: Ayes 3, Noes 1 with Director Roos voting No. Absent, Director Kamper.

There being no further business to come before the Board it was moved by Director Roos, seconded by Director Schulz, and unanimously carried, to adjourn to June 23, 2009 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary