

Manteca, California  
June 10, 2003

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: SCHULZ      ROOS      KAMPER      KUIL      DEGROOT

Also present were Secretary/Manager Stroud, District Counsel Emrick, and District Engineer Gilton.

President Schulz called the meeting to order and asked for Public Comment. There being no public comments, he asked the Board to consider approving the Consent Calendar items as presented.

#### CONSENT CALENDAR

- A. SSJID Warrants of \$565,103.91, and Payrolls of \$213,394.42.
- B. Regular Adjourned Board meeting minutes of May 27, 2003.
- C. Resolution No. 03-11-W, Formation of a Watershed Coalition.
- D. Conditions in Section 404 Permit for Water Treatment Plant Project.

Motion by Kuil, seconded by DeGroot, to approve the Consent Calendar Items as presented:

PASSED AND ADOPTED this 10<sup>th</sup> day June 2003 by the following roll call vote:

Ayes:	DeGroot	Kamper	Schulz	Roos	Kuil
Noes:	None				

Consider approving contract amendments for Zenon Environmental, Inc., for supplying Membrane Treatment Unit for Water Treatment Plant. Grant Kreinberg said there are two change orders required. 1. For sales tax of \$9,219.32. 2. Power and laboratory testing associated with the pilot program, budget approved was \$40,000, and actual cost was \$40,529.10. Kreinberg recommended approval.

Motion by Kamper, seconded by Kuil, and unanimously carried, to approve the change orders, as listed above.

Consider approving contract with C. Overaa & Co., to perform earthwork excavation at the Water Treatment Plant Site. Kreinberg said that due to the postponement of 60 days of approving construction contracts to July, Overaa would like to begin the excavation as soon as possible in case we have bad weather this fall. Kreinberg said the Operating Committee recommends approval of the \$350,000 to perform the excavation.

Motion by DeGroot, seconded by Roos, and unanimously carried, to approve the contract with Overaa & Co., totaling \$350,000, and authorize execution of necessary documents.

Consider approving contract with Stanislaus County for payment of County's share of cost of upper intake facility at Woodward Reservoir. Emrick said the agreement originally called for the funds to be deposited in a bank. However, no banks were willing to accept the funds. Therefore, the Stanislaus County Auditor will hold the \$3,000,000 and distribute them as costs are paid. Emrick recommends authorizing staff to enter into the agreement with such reasonable changes as staff determines necessary after receiving comments from Stanislaus County's County Counsel.

Motion by Kamper, seconded by DeGroot, and unanimously carried, to approve, and authorize execution of the agreement subject to General Counsel review and approval.

Presentation of Worker's Compensation Insurance options by Matt Frediani, Cutler & Segerstrom. Mr. Frediani told the Board he does not have any proposals to present at this time. He said AIG and State Compensation Insurance Fund should have their proposals here on or before the next scheduled Board meeting. He indicated that last year State Funds proposal was around \$150,000, the District paid Rural Special District Association approximately \$120,000. State Fund is asking for a 12% increase, so the worst case scenario is around \$168,000. No action was taken at this time.

Discussion regarding insurance for the Water Treatment Plant Project. Emrick said the District will need comprehensive insurance for the project. He said Dave Ward, of Interwest Insurance feels we will have sufficient coverage during construction from the contractors on the project. Emrick said he is getting a proposal from Mr. Ward to review the contractors policies and make recommendations as to additional requirements if any. No action was taken at this time.

General Manager's report:

Stroud reported the following:

Reported that at a prior Board meeting Director Roos asked the amount collected from Recharge. Stroud said we collect \$135,000 from recharge and \$1,231,000 from water charges. Kamper said he feels the recharge fee should be eliminated and set at the same as water charges. Stroud said under Prop 218 we can reduce the charge but not increase it without approval of our constituents through the noticed protest hearing process. Additionally he reported that parcels in the District that pay for water by percentage are: <1 acre, 8%; <2 acres, 21%; <3 acres, 28%; <5 acres, 37%; and <10 acres, 51%. He said we will review both recharge fees and acreage and make recommendations for changes in District policy.

Reported that the Tb open ditch lining came apart and approximately 35 feet had to be replaced. He said the Ditch Tender, Tim Hagins, caught the problem because he was patrolling as he should be. Thanks to him the damage was minimal, and repairs were made in just over 24 hours.

Beginning June 1<sup>st</sup> the Shop and Maintenance Department starting time changed from 7:00 a.m. to 6:00 a.m. until after Labor Day.

Reported he attended the Groundwater Banking meeting. He said they are looking at setting up another committee. We will attend their meetings and monitor.

Relative to the Water Treatment Plant Project reported the following:

CEQA study is complete. Reclamation District has verbally approved permits, we are awaiting their OK in writing.

Upstream landowners who use our canal for watering their stock will not be able to now because we are going to fence the canal. However, we will have 4 tanks available to them for water.

Howland Road crossing, the railroad was going to charge us \$200,000 to cross their property. However, thanks to the Title Company, we discovered that they do not own the land. They have agreed verbally that they do not own the land, we are awaiting their conclusion in writing. This should substantially reduce the cost.

Relative to staffing, we will probably hire a Plant Manager before January 2004. Also, we will be doing a study to change the chart of accounts for the District in order to clarify costs incurred by the District and charged to the Cities.

Awarding of Construction contracts will be on the July 22, 2003 agenda.

Believes that the December 2002 Ag Waiver will not be adopted without some tightening of regulations.

Said a landowner on South Manteca Road who has been paying for District water, but not using it is going to start using it. He said that the Hat property which is currently taking

water from the same line when it is available, will likely not receive water as frequently in the future since there will be more demand during the runs.

DeGroot asked if the property between Louise and Lathrop, off Airport Road, which was owned by Bitterman's and sold to Raymus is paying for water. Gilton said he would look into this and report back at the next meeting.

Reported that the carpet in the front office will be replaced on Saturday, June 21<sup>st</sup>.

Reported that the new tank on the water truck will be finished on July 3<sup>rd</sup>.

Reported we will run magnacide tomorrow.

Reported that Ron Morrow is looking for contractors to bid on repairing valves on the C line.

Met with Bruce Baraco of LAFCO on May 28<sup>th</sup>. He said after the meeting he changed his mind and will recommend the Board approve joining LAFCO and paying their share of the costs.

Chris Kirakou & Stroud met with State Senator Machado's aide, Conin Grinnell and with Representative Greg Aghazarian on June 9<sup>th</sup>. They feel the Senator and Assemblyman will support our efforts to provide retail power to our constituents.

Will meet with Jack Sieglock on June 25<sup>th</sup> relative to power.

Said relative to the CEQA lawsuit on the Water Treatment Plant Project, that on June 26<sup>th</sup> goes to mediation. He said he and Emrick will attend. On June 25<sup>th</sup> will meet with the City Managers to discuss strategy.

The Tri-Dam meeting will be here on June 26<sup>th</sup>, John Stein will attend.

Will be on vacation from June 27<sup>th</sup> and July 3<sup>rd</sup>.

The following selections were made to obtain Qualified Applicator Certification. Nick Fereria, and Marvin Johnson.

President Schulz called for Closed Session relative to litigation matters, personnel matters, and labor update. General Counsel said the Board will discuss in closed session items a) through c).

a) Conference with legal counsel, existing litigation. Gov. Code, S. 54956.9. Eight cases. 1). Delta Keeper v. OID. 2) SSJID v. Laro Coal and Iron-California Company,

Inc. 3) Sierra Club et.al. v. SSJID. 4) SSJID v. Animus Covenant Trust. 5) SSJID v. John M. Azevedo. 6) SSJID v. Januario Meneses. 7) SSJID v. Ronald Leachman. 8) Rulemaking Proceeding No. 02-01-011 before the CPUC.

- b) Conference with legal counsel, anticipated litigation. Initiation of litigation. Gov. Code, S. 54956.9. One case.
- c) Public Employment: Gov. Code, S. 54957. Title: Utility Systems Development Coordinator.

Upon returning from closed session General Counsel Emrick announced there was no reportable action taken in closed session.

President Schulz called a recess for lunch.

Upon returning from lunch, President Schulz called the meeting to order and opened a public hearing for discussion of the Business Operations Plan of Retail Electric Utility System and approval of initial system development. Ken Cooper, Senior Project Manager, PG&E gave out copies of comments relative to the Plan. He stated the District should look at working with the City of Manteca and PG&E for Aggregation for Manteca. He said the plan was optimistic for marketing to prospective customers. Mike Merritt of Manteca said PG&E helped his business, Second Harvest Food Bank, with a \$60,000 grant to purchase refrigerators and freezers. Liz Ashenburner, a teacher said PG&E gave her school a \$12,500 grant for Home Economics and Room Equipment which allowed them to continue programs that would have been cancelled due to budget shortfalls. Bill Noyes of Manteca, said he supports SSJID getting into the power business.

General Manager Stroud reported that we have had two meetings: May 27<sup>th</sup> Board Meeting, and June 5<sup>th</sup> met with several business and civic leaders who expressed unanimous support of the District entering the retail power business. Stroud said goals set by the Board were to find a way to best benefit the Districts constituents with the Tri-Dam resource. He said he feels the Plan does that and recommends the Board authorize commencing with development of the retail distribution system, subject to approval of a budget for system development and approval of appropriate amendments to the Chevron Energy Systems Agreement to accomplish system development. He said the Public Benefit Programs will result in approximately \$500,000 of universal benefits and \$200,000 of public benefits for residents of the District. He said staff will work with PG&E to better understand their suggestions. General Counsel Emrick said we will continue to evaluate all alternatives, including working with PG&E.

Schulz asked the Directors for their comments.

Kamper said although we have worked with PG&E in the past, and have found that to be almost impossible, he feels looking at all options is beneficial. He stated he supports moving ahead with the plan as recommended.

DeGroot said the issue is how best to bring Tri-Dam benefits to all of the District, and doesn't feel working with Manteca exclusively on aggregation would meet that goal.

Roos said he feels working with PG&E will result in them setting up too many roadblocks as they have in the past.

Kuil said we have the Tri-Dam resource, we should look at the PG&E alternative, evaluate it, and move forward.

Schulz said his goal is to bring benefits to all the constituents in the District.

Motion by Kamper, seconded by Roos, and unanimously carried, to commence development of the retail distribution system as recommended.

There being no further business to come before the Board it was moved by Kuil, seconded by Kamper, and unanimously carried, to adjourn to June 24, 2003 at 9:00 a.m.

ATTEST:

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John Stein, Assistant Secretary

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