

Manteca, California
June 12, 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. Director Holbrook called the meeting to order and Director Kuil led the flag salute.

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 Sam Bologna.

Director Holbrook asked for public comment. Ms. Valerie Moore, whose property is located on the B-Line, stated her neighbor is installing a sump and connecting to her 24" private pipeline. She and her husband have concerns the pressure could be too much, causing the line to burst, and asked who would be responsible for the repairs. Mr. Shields was unaware of the problem and asked if she had spoken to staff regarding this matter. She stated yes. President Holbrook referred Ms. Moore to SSJID staff.

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

CONSENT CALENDAR

- A. Warrants of \$1,507,506.26 and Payroll of \$358,001.23
- B. Regular Board Meeting Minutes of May 22, 2012
- C. Adopt Resolution 12-10-V, authorizing Sale of Property no longer necessary for District purposes

**RESOLUTION NO. 12-10-V
AUTHORIZING 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 the following 1983 Chevrolet C-60 Flat Bed Dump for sale, as listed below:

<u>DISTRICT I.D. NO.</u>	<u>SERIAL NUMBER</u>
224-83	1GBG6D1A8DV113056

Is no longer necessary for District purposes and that it is in the best interest of the district to sell said property for the price listed below:

<u>DISTRICT I.D. NO.</u>	<u>FAIR MARKET VALUE</u>
224-83	\$3,000.00

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Finance and Administration Department Manager of the District is authorized to display said property for sale for a period of ten days, and thereafter may reduce the advertised price by \$250 every ten days until the vehicle is sold.

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

- D. Approve to continue Worker’s Compensation coverage through Special District Risk Management Authority in the amount of \$278,215
- E. Approve signature of the following Consent to Entry of Property Agreement to read and Owner’s Agreement to maintain flow meter. This property is participating in the District’s On-Farm Water Conservation Program. Joseph and Susan Guilian, APN 226-110-14
- F. Authorize purchase of three (3) SonTek Flow Meters
- G. Authorize all necessary expenditures for the District Waterline Project
- H. Accept and file Notice of Completion for the Storm Water Basin located at the District’s Solar Farm
- I. Approve form of Encroachment Agreement with Van Elderen Farms PTP
- J. Authorize General Manager to enter into agreement with Aircon Energy

Director Holbrook referred to page 6 of the minutes and indicated in his Director’s report “twelve” counties should be changed to reflect “eleven” counties.

Director Roos referred to page 2 of the minutes and indicated in the last paragraph, the name “Simas” should be changed to reflect “CIMIS” which is an acronym for the California Irrigation Management Information System.

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

PASSED AND ADOPTED on this 12th day of June, 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 Shields thanked everyone who attended and participated in the Division 9 Project dedication ceremony. He indicated there was a good article on Sunday in the Modesto Bee.

Jeff Shaw, Project Manager, and Todd Kotey addressed the Board. Mr. Shaw stated there was an article published in the E & R News Record and he will forward that article to SSJID. Mr. Shaw indicated the overall operations are going well and they are still working on the punch list items. They are experiencing some problems with a few valves that are taking 25 to 35 minutes to close. Director Holbrook asked if this is a valve or communication problem. Mr. Shaw said it could be an issue with differential pressure. The manufacturer will be coming out to inspect the valves. He is reviewing what Clay Valve Manufacturing literature says about the valves. Director Holbrook asked if the solenoids are working properly. Mr. Shaw said the solenoids have been checked and all working ok.

Mr. Shaw said the flow rate is working well. He did indicate the Watermark moisture sensors are still not working properly. He has asked the contractor to bring out the manufacturer to look at the sensors. He stated the District crews have done cleanup and grading around the basins and it looks really nice. He asked that the Ditch Tenders drive slowly in this area so the rocks will not spread.

Mr. Shaw noted there was a problem at the Olive Avenue turnout #98 where farm equipment ran over a temporary blowoff valve. It has since been repaired by the contractor. At turnout #84, the filter station was not installed on a concrete slab and the installer did not use the proper fittings. High flow was detected by the system and the shut down valve did not allow flooding.

He stated that real time information will be available on the website for pond levels, etc. He indicated the farmers would like to see run time charts information on the website. He said overall the website is working really well and he is pleased to see the farmers using the online system. Mr. Bologna stated we need to stay focused on the punch list items. Mr. Shields said the punch list was down to 150 items, but now we are down to half that much.

Mr. Shields indicated there has been an exchange of letters between Stantec and Knife River Construction regarding problems, delays, etc. and Knife River has made liquidated damages claims against Stantec. Jeff stated that he and Sam met with Steve Essoyan and Joe Reyes from Knife River to try and resolve these issues and came up with a final settlement of \$13,892,000. Director Holbrook directed staff to note all of the problems and how they are being solved or addressed. He wants the public to see we are working diligently to ensure the project works. He thanked everyone involved for promptly resolving these issues. Mr. Shields stated he would bring a final agreement between Stantec and Knife River Construction to the Board for approval.

No action was taken on this item.

Item #2 – Authorize engagement of Rex Osborn dba “More than Talk” for Training, Public Outreach, and Other Special Projects

Mr. Jeff Shields presented this item to the Board. He stated that Mr. Osborn will provide assistance with our retail electric project in the areas of organizational training and general awareness activities, with specific focus on educating the communities we serve. He would represent SSJID and its programs and plans in the public. He will primarily work out of his office and will come to SSJID for meetings, activities, and training sessions. He will work between 10 to 15 hours a week. Director Holbrook stated he has known Mr. Osborn for 20 years and he has a positive communications impact with the community. He asked that a monthly report of Mr. Osborn’s activities be submitted to the Board for review.

Motion was made by Director Kamper and seconded by Director Holmes to authorize Jeff Shields to enter into contractual agreement with Rex Osborn, DBA “More than Talk” to commence on July 9, 2012, for a term of one year, not to exceed \$40,000 plus reasonable expenses. Motion passed 3 to 2, with Director Kuil and Director Roos casting no votes.

Item #3 – Consider amending the Amendment to Developers Agreement with Raymus Homes

Mr. Sam Bologna addressed the Board. He indicated that Raymus Homes is asking for some relief from some of the terms of an existing agreement. The original agreement dated October 1, 2008 calls for a reimbursement of all costs related to the installation of a pipeline along the easterly portion of their future development (Oleander Estates).

Motion was made by Director Kuil and seconded by Director Holbrook to amend the agreement as follows:

- a) The District will reduce the interest rate obligation from 4.5% to 2.25% from the start of their obligation on 7/28/2009 to 5/31/2012. Starting on 6/1/2012 the interest rate will be adjusted to the greater of 2% or the District’s cost of funds. (Local Agency Investment Fund is currently under 0.4%)
- b) Their base obligation is to reimburse the District amounts to \$503,646.76. That number presumes that the City of Manteca will allocate \$63,124.81 (the cost of the work done north of the center line of Woodward Avenue) to development that occurs north of Woodward Ave. With interest accrued to 5/31/2012, their obligation on 6/1/2012 amounts to \$535,829.79.
- c) The debt will be repaid as they sell homes one at a time with a minimum payment in the amount of \$1,200 per house, with a balloon payment at the end of five (5) years.
- d) The District agrees to give Raymus Homes the exclusive right to purchase the District’s Fee title property when they get ready to develop the portion of land adjacent to the District’s property. The property consists of the westerly 20 feet of a 25 foot wide strip of land. The amount of sale will be based on current market value at the time of the sale which is currently estimated at being approximately \$24,000, based on approximately .40 of an acre of land.
- e) Include a Notice of Lien and a performance Deed of Trust

Motion passed unanimously.

Item #4 – Approve amended Service Abandonment Agreement for Rafael Villa, APN 198-050-11

Mr. Bologna stated the property owner has the ability to get water from a two way valve and that his neighbor will share water with him.

Motion was made by Director Kamper and seconded by Director Kuil to deny approval of Agreement to Amend Irrigation Service Abandonment Agreement subject to revisions to the standard agreement that reflects staff's recommendation. Motion passed 3 to 2 with Director Holbrook and Director Holmes casting no votes.

Item #5 – Approve amended Service Abandonment Agreements for Marie Raymus, APN's 218-130-01, 04, 05, 06, 07, 08, 218-140-01, and 218-150-01, 02, and 03

Mr. Bologna stated the land consists of several parcels totaling approximately 122 acres of open ground. The owner wishes to lease the land out to be farmed. New facilities may need to be installed at the expense of the applicant.

Motion was made by Director Kuil and seconded by Director Roos to authorize approval of Agreement to Amend Irrigation Service Abandonment Agreement subject to revisions to the standard agreement that reflects staff's recommendations. Motion passed 4 to 1 with Director Kamper casting a no vote.

Item #6 – Approve amended Service Abandonment Agreement for Mary Carone, APN 247-130-26

Item #7 – Approve amended Service Abandonment Agreement for Bavaro Trust, APN 247-130-24

Mr. Sam Bologna presented item #6 and #7 to the Board simultaneously as these are neighboring properties.

Motion was made by Director Holmes and seconded by Director Kuil to authorize approval of both Agreements to Amend Irrigation Service Abandonment Agreements subject to revisions to the standard agreement that reflects staff's recommendations. Motion passed unanimously.

Item #8 – Approve amended Service Abandonment Agreement for Little Rock Ranch, APN 247-230-03

Mr. Sam Bologna presented this item to the Board. There was a discussion among the Board members and Director Roos believed that a 16" pipe is not needed. He said that a 12" pipe is sufficient to serve as a supply line for sump. Mr. Forrest Killingsworth stated the 16" pipe is the minimum as required by the Standards established by the Board. It was suggested that the Engineering Department review and evaluate the Standards and bring back proposed revisions to the Board for approval.

Motion was made by Director Roos and seconded by Director Kuil to amend the staff's recommendation to authorize approval of Agreement to Amend Irrigation Service Abandonment Agreement subject to revisions to the standard agreement that reflects staff's recommendations and to amend the 16" steel pipe to a 12" pipe. Motion passed 3 to 2 with Director Holbrook and Director Kamper casting no votes.

Item #9 – Grant General Manager Authority to Negotiate Change Order costs and enter into agreement with County for modification of Treatment Plant facilities for Linne Road improvements

Mr. Bill Hubkey presented this item to the Board. He stated that San Joaquin County has two engineering and road construction projects that will affect the Water Plant's main transmission line west of the Tracy Booster station. He said there are nine structures on Linne Road that need to be raised or moved during the road construction and it makes better sense to negotiate a change order to the project.

Motion was made by Director Kamper and seconded by Director Holmes to allow the General Manager to negotiate and enter into agreements for relocation of our affected facilities with San Joaquin County or the General Contractors who are awarded the contract in the amount not to exceed \$20,000.00. Motion passed unanimously.

Item #10 – Authorize engagement of Safety & Industrial Hygienist

Mr. Hubkey stated since the inception of the Water Treatment Plant, staff has developed Standard Operating Procedures (SOP's) for confined space entry, respiratory protection, chemical hazard communication, chemical exposure limites, MSFS sheets, and other safety criteria. The District would like to hire an Industrial Hygienist to evaluate the Standard Operating Procedures that have been implanted. It would be less expensive to hire someone who is knowledgeable regarding the SOP's.

Motion was made by Director Kuil and seconded by Director Kamper to accept the sole source quote not to exceed \$2,700 since Special District Risk Management Authority is our current carrier and recommend the hiring of John F. Sacco, Earthshine Consulting, to review the SOP's. Motion passed unanimously.

Mr. Hubkey gave his manager's report stating the City of Manteca and our staff will work on methods to increase flows over the summer months. He said the City of Lathrop would like to reduce their intake of flows to one mgd per month. Sludge bed #3 will be hauled to the landfill next week. The Tesco Corporation worked with staff to upgrade our SCADA system and is expected to be completed at the end of the month. He indicated there is no report from California State Department regarding our annual inspection.

Item #11 – Authorize engagement of fencing contractor for protection of Highland Road Rubicon gate

Mr. Frank Avila presented this item to the board requesting that a fence be installed at the Highland Road location to help prevent theft and to ensure safety. The cost is \$4,315.

Motion was made by Director Roos and seconded by Director Kamper to authorize the cost to install a fence around this gate site. Motion passed unanimously.

Item #12 – Discussion of options to comply with volumetric pricing required by SBX7-7, set date for hearing on adoption of volumetric irrigation rates and to authorize notice of Prop 218 hearing

Mr. Bere Lindley and Ms. Robin Giuntoli addressed the Board. Mr. Lindley stated other Districts have been measuring water and billing based on measurement and they are doing it well. He suggests the billings be sent out quarterly or less frequently.

Mr. Lindley said the rates would be reviewed on a yearly basis using the Consumer Price Index (CPI). Director Holbrook stated the CPI must be brought before the Board every year and the Board will determine rate increases, if any. Should there be a rate increase, notices will be sent out annually to all rate payers.

Director Holmes stated we need to be more accurate about True Point and Director Kamper agreed. Mr. Bologna said there needs to be a customization of the True Point reader.

Motion was made by Director Kamper and seconded by Director Roos to recommend Model B2 for the volumetric rate schedule which is:

Fixed Charge:	\$24 per acre, \$50 minimum
Volumetric charge:	\$3 per acre-foot
Groundwater recharge fee:	\$12 per acre (remains unchanged). Parcels less than 10 acres are exempt

The Board will also have the ability to stay or approve increases in the fixed and volumetric charges annually for inflation using the Consumer Price Index; staff to send out Proposition 218 notice to rate payers in order to start the 45 day protest; July 28 is the 45th and final day of Proposition 218 protest period; Board to conduct Proposition 218 public hearing on July 31 and adopt new volumetric pricing structure. Motion passed unanimously.

Item #13 – Approve engagement of Kenneth Robbins as special counsel

Mr. Steve Emrick addressed the Board stating that SSJID has worked for many years with Mr. Ken Robbins in his capacity as counsel for Merced Irrigation District and as general counsel for the San Joaquin River Group Authority. Mr. Robbins is no longer engaged by Merced ID and is available to work for the District from time to time on water and other specialized issues. Mr. Emrick stated that Mr. Robbins could also be helpful to the District on legislation issues. The District anticipates seeking assistance from Mr. Robbins on several short-term matters, however, staff would consult the Board before engaging his firm on any long-term or other substantial matters.

Motion was made by Director Roos and seconded by Director Holmes to authorize the District to engage Mason Robbins Browning and Godwin in the amount of \$250 per hour for special

assignments as directed by the General Manager and General Counsel. Motion passed unanimously.

Item #14 – Compensation adjustment for General Manager after Closed Session deferred until after closed session.

Item #15 – Various Reports as follows: President Holbrook asked for Directors Reports:

Director Roos

- Mr. Brocchini is looking for flexibility on the pressurized system.

Director Holmes

- The Division 9 dedication ceremony was very nice and he thanked all who were involved.
- Has not seen a Spring Newsletter from the District; would like to see one in the Fall.

Director Kuil

- The Division 9 dedication ceremony went extremely well and he thanked Troylene for a great job.
- Wants SSJID to continue their participation in the Tri-Dam Advisory Committee meetings.
- Rick Dodge discussed the budget forecast.
- CH2M Hill meeting with Tri-Dam in regards to the U S Forestry Project.

Director Holbrook

- He asked Director Holmes to attend the Flood Control Advisory meeting on June 20 at 1:00 p.m.
- Tri-Dam meeting is on June 14.

President Holbrook asked for Managers Reports.

Troylene Saylor, Communications

- Chamber of Commerce installation dinner to be held at Chez Chari on Friday, June 15; three tickets available; asked if Directors Holmes and Kamper could attend.
- Escalon Extravaganza at 7:00 p.m., Troylene will be at information table.
- Escalon Park Fete on July 13 & 14.
- Grower Newsletter will be distributed next month.
- Jenna Thomas, Intern will be working through mid-August.

Sam Bologna, Engineering

- Thanked Board members and Engineering staff who participated in Division 9 dedication ceremony. Special thanks to Dawn Driesen for her involvement.
- Conservation Program approaching \$1 Million; \$275,000 spent to date; 8 applications are being processed; looking at winter work.

Jeff Shields, General Manager

- State Controller sent letter to Board President John Holbrook notifying him that the District was in violation of mandatory annual salary reporting and a fine of \$5000 would be levied against the District. It is a function of the annual audit that the auditors confirm our salary statements and file them with the State. It turns out the report was submitted in a timely manner and were misplaced by the State. We have received an email confirmation stating that we are in compliance.
- S J Farm Bureau noticed to attend “Delta Farm Bureau Members Meeting” on Thursday, June 28 at 6:00 p.m. at Roberts Union Farm Center. Program is by the Delta Caucus.
- Body was found in the “R” canal. No information but appears to be male, 50 years old.
- Reception for Don Geiger at his new office; 7540 Shoreline Drive, Stockton, Thursday, June 28 at 5:30 p.m.
- California State Fair Agriculture Gala Event; Friday, July 6, 5:00 p.m. Tickets \$150.
- AECA, AG meeting, Fresno, June 7 at the California Cotton Ginners 7 growers association office. Discussed FIT, FHG acution, Net Energy Matter PG&E Cost of Capital Proceeding, various legislation.
- SJ Banking Authority, Brandon Nakagawa would like SSJID to join their organization. SSJID is the only SJC water entity that is not a member. I will meet with Brandon to discuss the benefits and obligation of membership and bring back a recommendation to the Board.
- District’s property on Louise/Austin will be irrigated on Friday or Saturday, then turned over to Machado for planting.
- California Public Utilities Commission (CPUC) has PG&E related to gas line leaks detection and records violations, last week the CPSD issued its findings on San Bruno and alleges that PG&E committed over 3,000 violations dating to 1993. The violations raise the potential for fines covering some 15 million days at rates between \$20,000 to \$50,000 a day for a total of \$221 billion.
- Springbrook has provided one on one training to Finance and Customer Service staff for the past two weeks; training very intense.

General Counsel announced the Board would be discussing items 16 D & E under Closed Session. Upon returning, General Counsel announced that no reportable action was taken in Closed Session.

The Board then took up Item 14, compensation adjustment for General Manager. After discussion, motion was made by Director Holmes and seconded by Director Kuil to increase the General Manager’s salary by \$7,000 per year effective on his anniversary date. Motion passed 4 to 1 with Director Roos casting a no vote.

There being no further business to come before the Board, it was moved by Director Kuil and seconded by Director Kamper and unanimously agreed upon, to adjourn to the next scheduled meeting to be held Tuesday, June 26, 2012.

ATTEST: _____
Betty Garcia, Executive Secretary