

Manteca, California
June 25, 2013

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. President Roos called the meeting to order and led the flag salute. Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER ROOS
ABSENT: KUIL

Also present were General Manager Jeff Shields, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Executive Secretary Betty Garcia.

Director Roos asked for public comment and there was no public comment.

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

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$363,649.65; A/P Wires in the amount of \$1,158,442.93 and payroll for June 14 in the amount of \$195,293.06.
- B. Approval of Board Meeting Minutes of June 11, 2013.
- C. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Stinson Family Trust, APN 229-200-23.
- D. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Lynn Stinson, APN 229-200-22.
- E. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Douglas & Claudia George, APN 247-020-24.
- F. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, C. Eskes Family Property, LLC, APN 228-110-12.
- G. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Guardino Family, LLC, APN 245-160-16.
- H. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Force Five Associates, Inc., APN 218-030-02.
- I. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Antonette & Frank Silva, APN 205-070-40.

- J. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Gary & Dolores Carlson, APN 245-160-45.
- K. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Adrian Family Partnership, APN 247-190-12.
- L. Approval of consent to SSJID's entry of property to read and owner's agreement to maintain flow meter, Costa Family Trust, APN 245-040-25.

General Counsel Emrick stated that items C through F have a clause in the first paragraph of each agreement that is out of date and staff will need to make the appropriate corrections.

Director Holmes stated on page 3 of the minutes it stated President Holmes asked for Managers report and it should be changed to Vice-President.

A motion was made by Director Holbrook and seconded by Director Holmes to adopt the Consent Calendar items with the changes as indicated above by the following roll call vote:

AYES: HOLBROOK HOLMES KAMPER ROOS
NOES: NONE
ABSENT: KUIL

Motion passed unanimously.

ACTION CALENDAR

Item #1 – Consider approval of amendment to irrigation service abandonment agreement for Brooks Bauer, APN 205-090-12 & 205-090-57

Mr. Bologna indicated the land has been signed off since 2003 and not taken District water since 2001. Owner has no immediate plans to receive water but wishes to sign back on to be able to take water in the future.

Staff recommends specific conditions for approval as follows:

- Owner shall agree to make all modifications necessary to be able to utilize the existing pipelines or valves at his own expense.
- Owner shall acknowledge that a new Structure Permit shall be obtained for any proposed change in water delivery and that it may not be feasible to provide sprinkler service to this property unless additional approvals are given and improvements are made.
- Owner shall acknowledge that water measurement for this property will be based on calculated information recorded by Ditch Tender and any disputes with regards to water delivery accuracy may result in the owner installing a flow meter at his expense.
- Owner shall acknowledge that no water will be provided to the property until the specified conditions have been satisfied and that the District reserved the right to impose additional conditions in the future if substantial changes occur between now and when he ultimately decides to start using District water.

A motion was made by Director Holbrook and seconded by Director Holmes to go with staff's recommendation as outlined above and to approve the amendment to Irrigation Service Abandonment for Brooks Bauer, APN 205-090-12 & 205-090-57. Motion passed unanimously.

Item #2 – Consider conditional approval of improvement plans for the Louise Avenue Road widening project proposed by the City of Manteca. The project involves the replacement of a portion of Drain 3 located on the south side of Louise Avenue

Mr. Bologna said the road widening plans will trigger the need to replace approximately 600 feet of existing Drain #3 pipeline with new 36 inch RGRCPP and the upgrade will be the responsibility of the City of Manteca. The existing direct discharges to the drain must be eliminated and routed into other City drainage facilities that terminate into a storm basin. The District also requires that a new easement be conveyed to satisfy our typical easement requirements for new installations that are being replaced or relocated.

A motion was made by Director Holbrook and seconded by Director Holmes to authorize signature of improvement plans subject to satisfactory revisions of plans and requirements as specified above, including easement dedications and permit requirements. Approval of encroachments will be subject to the terms and conditions of the Master Encroachment Agreement with the City of Manteca. Motion passed unanimously.

Item #3 – Consider request from Stonecreek Properties (developer of Blossom Grove) to reconsider previous Board action relative to payment of money in lieu of well relocation

Mr. Bologna and Mr. Ray DeSa addressed the Board stating that the work must be done now or wait until the next phase of the development project. Director Holmes asked why it is an issue to relocate the well now. Mr. DeSa said a location for the well is not available at this time.

A motion was made by Director Kamper and seconded by Director Holbrook to accept option #4 which is to rescind the previous Board action and accept the developer's original offer of \$80,448. Motion passed 3 to 1 with Director Roos casting a no vote.

Item #4 – Consider bids for D5 Cat/Dozer

Mr. Catanzarite presented two bids for the purchase of a new Dozer for the District. Director Holbrook asked what the cost of renting a dozer is. Mr. Catanzarite said it is approximately \$1200 per week. He said that Director Kuil had asked about purchasing a Dozer that has rubber tracks but Director Holmes indicated that rubber tracks are not recommended for the type of work the District performs.

A motion was made by Director Kamper and seconded by Director Holmes to purchase the Cat D5K2 from Holt of California in the amount of \$127,279.18. It is recommended to keep the old Dozer until forced by the Air Resources Board to retire it. Motion passed unanimously.

Item #8 – Update on the request from Ron McManis to pipe a portion of Ripon Spill

Mr. Shields stated that Mr. McManis has completed the work needed to pipe a portion of the Ripon spill. He said a few weeks ago there had been a break in at the property and batteries had been stolen. Mr. Catanzarite indicated he supports the project that Mr. McManis is proposing. Mr. McManis stated he would be happy to meet with the Board and show them the site and the work that has been done to date. He said he would like to settle the agreement with the District by the end of August and if agreed, the District would be selling a three acre parcel to him. This item will be brought back to the Board for final approval at a later date.

Item #5 – Consider approval of Resolution #13-11-V authorizing the sale of property no longer necessary for District purposes

Mr. Shields informed the Board that the 2000 Chevrolet Malibu was one of several vehicles the Board had approved to sell at a previous meeting. This vehicle has not yet been sold and the District proposes reducing the price to \$3,900 for a period of ten days and thereafter may reduce the advertised price by \$500 every ten days until the vehicle is sold.

A motion was made by Director Kamper and seconded by Director Holmes to authorize the Finance and Administration Manager to display said property for sale for a period of ten days at \$3900 and thereafter may reduce the advertised price by \$500 every ten days until the vehicle is sold and to approve Resolution #13-11-V as follows:

**RESOLUTION NO. 13-11-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 2000 Malibu for sale, as listed below:

<u>DISTRICT I.D. NO.</u>	<u>SERIAL NUMBER</u>
203-00	1G1ND52J4Y6240344

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>PROPOSED PRICE</u>
203-00	\$3,900.00

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 \$500.00 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.

PASSED AND ADOPTED this 25th of June by the following roll call vote:

Ayes: HOLBROOK, HOLMES, KAMPER, ROOS

Noes: NONE

Absent: KUIL

Item #6 – May 2013 Financial Statements

This item was for information only and no action was taken.

Item #7 – May 2013 Investment Reports

This item was for information only and no action was taken.

9 – Consider rejecting the proposed Drop 5 Hydroelectric Generation project

Mr. Shields stated after receiving more details about the proposed plan, reviewing the contract and careful consideration of the costs involved to implement the plan, he proposes that the District does not enter into contract with NLine at this time. He said the District would pay \$150,000 for a study of the proposed project and at the end of the study would be expected to invest \$1.7 million into the project.

A motion was made by Director Holbrook and seconded by Director Kamper not to enter into contract with NLine at this time for the proposed Drop 5 Hydroelectric Generation project. Motion passed unanimously.

Item #10 – Directors Report from APPA Conference

Director Holbrook attended a lecture on Sunday of the duties, responsibilities, and legal obligations of Public Power Governing Boards. It was noted that 10 to 100 more cities will be filing bankruptcy because of pensions and unfunded liabilities. He said that Utilities are the second largest users of water after agriculture. He stated one third of the attendees were newly elected members. He said it is the obligation of the Board to inform its customers of the value of Public Ownership. He stated Districts need a mission statement and policies on how to reach their goals. Board of Directors need to evaluate themselves to keep them on track. He said this was an excellent conference.

Key points during this conference that were made over and over again are:

- Cyber threats to our infrastructure are very real
- China has infiltrated water and power plants throughout the United States and their intent is not clear. They have the ability to interrupt, shut down, or destroy facilities
- NERC is very concerned
- Contact APPA and/or NERC for information on a “Cyber Security Guide”
- Sun and wind power can cost up to 400 times per unit compared to gas or coal
- Screen savers that are downloaded are filled with viruses
- There were many exhibitors at the conference with new and updated information and technologies

Bere Lindley reported that APPA is about making the Public Power Business Model work. He attended a session that discussed preventing a utility from failing and selling out to an IOU. Many utilities defer maintenance to keep from raising rates and they fail to communicate to their owners who are the customers. A utility must measure their performances.

Steve Emrick attended a session on rate studies where electric providers look at various ways to raise rates or create tier rate structures. He said future trends seem to be adding a fixed monthly charge to the base rates.

Ralph Roos attended a nuclear power workshop and it was reported that it would be ten years before private citizens can begin to implement nuclear power. He stated that APPA is a very professional group and put on a great conference. He especially enjoyed the speaker who has written a book entitled *Flags of our Fathers*.

Item #12 – Communications

President Roos asked for Directors Reports.

Director Holbrook

- He did not attend the Flood Control Advisory meeting but the discussion items were Regional Water Supply Conditions and update on Delta Counties Coalition, Delta Coalition, BDCP, Delta Stewardship Council, Delta Conservancy and the Delta Protection Commission activities.
- BDCP calls for two giant tunnels, 40 feet in diameter and 35 miles long to divert a portion of the Sacramento River’s flow.
- Since the plan began seven years ago, \$200 million has been spent so far and over time there would be more than \$14 billion in construction costs.
- The tunnels would create major power for the DWR and documents indicate that planning for the agreement has been under way for months. The proposed agreement would create a nine member board of directors that includes the DWR director and the regional director of the Bureau of Reclamation. The DWR director would be chairman of the Board but on most matters related directly to construction activities, decisions would be made by majority vote. Water contractors could be in a position to control many key decisions, including project design, facility location, land acquisition, budget and scheduling.

- San Joaquin County Board of Supervisors oppose the BDCP.

Director Roos

- Reported the San Onofre plant is closing down.

President Roos asked for Managers Reports.

Bill Hubkey, Water Treatment Plant

- The M-1 site is complete except for the power connection and antenna installation. Several calls have been made to PG&E to get any type of schedule but have not yet received any calls back.
- All the rough piping has been installed at the M-4 site to date. ConCo West will be installing the meter and control valves this week. This site will also need PG&E power.
- In early July, staff will complete confine space training.
- Ammonia is now being fed at the Tracy Booster station. This is done to reduce the TTHMs levels for their CDPH report.

Don Battles, Utility Systems

- Mr. Battles distributed the Conergy report and said everything looks good and there is no wear on the bearings in the tracker system.
- On June 6, inverter #6 went bad.

Bere Lindley, Finance & Administration Manager

- Reported that power costs are more than revenues in Division 9.
- SDRMA property and liability renewal is due and the premiums will drop by 8%.

Sam Bologna, Engineering

- Conservation program has received 127 applications. There is \$822,299 committed to the program and \$317,701 left in the account.
- Letters were sent to customers whose original flow meters did not have SCADA capability.
- Two turnouts were repaired in Division 9. Also replaced transmitter and cables on #9 and #76. CheckValves have all been replaced and no problems reported. Spare parts proposal has been revised. Mr. Huang has requested a turnout and has paid for most of it. Water flow has been as high as 16,000 – 17,000 gpm.

Jeff Shields, General Manager

- Congressman Jim Costa asked Mr. Shields to attend a workshop along with a Board member on July 2 in Merced from 10 – 2. The purpose of the meeting is to get water managers and Directors across the San Joaquin Valley to discuss mutually agreeable solutions to the immediate water crisis as well as long-term solutions for the valley. He asked if there were any proposed capital projects that might facilitate water supply and if there were any topics we might want to discuss. Mr. Shields informed him the District would participate and recently the District experienced water transfers that did not go well because of unnecessary public policy. He said the District could easily

accommodate water transfers in most years if the Bureau would allow us to store water in New Melones through a Warren Act contract.

- He met with the Bureau of Reclamation on Friday, June 21 to hear about the “water crisis” and discuss options for managing the water they do have. Ron Milligan led the discussion with a 20 minute power point presentation explaining this is the driest December to May on record. He said the Northern region is in dire straits with Trinity River being called on to make up water for a very dry Klamath basin which puts pressure on diversions from the Trinity into the Sacramento rivers. He said Shasta Lake is falling at a rapid pace as Ag loads are much higher than normal as rice growers are using much more water in response to the hot weather and early dry season. On the San Joaquin he mostly talked at San Luis and the Stanislaus. As of June 23, San Luis had 498,319AF in storage (23% of capacity) and was using about 14,000AF/day. They expect San Luis to be at 200,000AF on September 30. New Melones is at 1,270,000AF and is expected to be at 900,000AF on September 30. They said they have heard that the nut crop is two weeks ahead of schedule so they are counting on a significant tail off in Ag diversions in August/September as much as four weeks ahead of normal. He did not tell the Bureau the District expects to use more of its conservation water by the end of September and that we would be curtailing generation to store water for the 2014 water year.
- The 80,000AF transfer did not go off as planned. The District will be paid under the agreement for all of the water but DWR and SLDMWA did not receive about ½ of the water that was delivered at Goodwin. The other half was diverted through the Delta to make up for a shortage of Sacramento River water that was needed to push back X2. Since the water was diverted in 30 days, we had to open the gates and take surface water at Tulloch which was warm and which flowed over ricks and shallow pools and was very warm by the time it got to Ripon.
- He distributed a handout of SSJID weekly reports and TriDam morning report. He noted that Donnell's has 3,339AF of storage remaining and Beardsley has 35,641AF remaining.
- Tim Quinn visited the office on June 12 to discuss the water bond. They have assembled a team to work with the Governor to flesh out the bond. If you want to be a party to the process, you must agree to support the bond in whatever form it eventually gets put on the ballot. Tim said that ACWA has not taken a position on BDCP but acknowledged that the bond will influence the BDCP. Specifically at issue is whether the habitat measures contained in the Board are intended to benefit the BDCP.
- On Friday, June 28, SEWD is holding a “Manager Succession Celebration” to retire Kevin Kauffman and introduce Scot Moody as the new General Manager. We need to RSVP and Mr. Shields will be representing the District and SJTA at a meeting with NMFS in Berkeley at the same time.
- Director Kuil attended the APPA conference on behalf of SSJID's Board along with staff members, Emrick, Lindley, Battles, and Shields. Directors Roos and Holbrook attended on behalf of TriDam. Security of data and physical assets were a big topic of the conference. The agenda also offered several advanced technology sessions to look at everything from generation technology to “smart meters.” One of the most interesting and motivating programs was an author of the book “Flags of Our Fathers.” The author's story was informative but his message of “Achieving the Impossible” against all odds and naysayers who either believe you won't succeed or don't want you to succeed was very motivating.

General Counsel announced the Board would be discussing items 13 a & c under Closed Session.

ITEM #13 – CLOSED SESSION

- 13. a. CONFERENCE WITH LEGAL COUNSEL-Anticipated Litigation
Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9 - 2 cases

- c. Public Employment Performance Evaluation
Government Code Section 54957
General Counsel

Upon returning from closed session, the following action was taken on item #11, Consider compensation adjustment for General Counsel

A motion was made by Director Holbrook and seconded by Director Kamper to table this item until the next meeting with an understanding that any compensation will be retroactive to his hire date of July 1. Motion passed unanimously.

ITEM #14 - ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Holbrook and seconded by Director Holmes to adjourn the meeting at 12:15 p.m. Motion passed unanimously.

ATTEST: _____
Betty Garcia, Executive Secretary