

Manteca, California  
June 26, 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 Holmes led the flag salute.

Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER KUIL  
ABSENT: ROOS

Also present were General Manager Shields, General Counsel Emrick and Engineering Department Manager Sam Bologna.

Director Holbrook asked for public comment. There was no public comment.

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

#### **CONSENT CALENDAR**

- A. Approval of Warrants of \$1,073,824.90
- B. Approval of Board Meeting Minutes of June 12, 2012
- C. Approve signature of Consent to Entry of Property to read and owner's agreement to maintain flow meter. This property is participating in the District's On-Farm Water Conservation Program. Daryl and Arlys Van Groningen, APN 226-150-09

Motion was made by Director Kuil and seconded by Director Kamper to approve the consent calendar items as presented.

PASSED AND ADOPTED on this 26th day of June, 2012, by the following roll call vote:

Ayes: Holbrook, Holmes, Kamper, Kuil, Roos  
Absent: Roos

#### **ACTION CALENDAR**

##### **Item #1 - Update on Division 9 Project**

Mr. Todd Kotey stated the flow meter problem was repaired by Siemens and they found there was an issue with defective wiring. There continues to be a problem with the moisture sensors not transmitting correctly and it could be a communication problem. Mr. Kotey indicated there is also a problem with the 50 horsepower pump but there is a 3 year warranty. He said the contract would not be accepted until all items have been corrected. There continues to be a

problem with the clay valves closing and it could be the differential pressure. It was suggested by Director Kuil if the moisture sensors do not get fixed, the District could seek out a different vendor. Director Holbrook confirmed if the vendors are not addressing the problems, then the Board prefers to get new vendors. Mr. Emrick suggested the District could hire its own vendors to tell us if the problem is with design or technical and then we would deduct that amount from the contract price. Mr. Shaw stated he is getting better cooperation from Knife River in regards to repairing all of the punch list items.

No action was taken on this item.

**Item #2 – Approve Mutual Release and Settlement Agreement with Knife River in the amount of \$13,892,315.55 for the Division 9 Project**

Mr. Jeff Shields stated this project needs to get completed and Stantec and Knife River must meet and resolve all issues. He said it appears the punch list items are being repaired. Mr. Bologna wants Knife River to accept responsibility and resolve the issues without further dispute. Director Holbrook stated the Board will not sign an agreement if the project is not working properly. Mr. Emrick said without the contractor's promises in the settlement agreement, we have no incentive to waive liquidated damages.

Motion was made by Director Kamper and seconded by Director Holmes to authorize the General Manager to sign the Mutual Release and Settlement Agreement between the District and Knife River, however, the agreement must list the following items:

- a) Knife River will complete and repair all punch list items and render the project ready for acceptance on or before July 6, 2012.
- b) If the project is not ready for acceptance by July 6, 2012, Knife River agrees to pay SSJID \$1,000.00 per day as liquidated damages.
- c) SSJID has the right to withhold final payment in the amount of \$1,388,281.55 without dispute until all punch list items are resolved.

Motion passed unanimously.

**Item #3 – Approve budget amendment in the amount of \$237,097 to cover additional construction management services for the Division 9 Project**

Mr. Sam Bologna stated the original contract with Stantec had sufficient funds to cover the project had it been completed by February 15, 2012. Since there are still a number of punch list items affecting the project and that need to be resolved, Stantec is spending more time on the project than originally allotted. Director Holmes stated this item has been addressed. Mr. Bologna agreed the issue had been discussed but there has been no formal action to amend the current budget.

Motion was made by Director Kuil and seconded by Director Kamper to authorize General Manager to amend the construction management budget and expend the costs necessary to complete the project which would be capped at \$237,097. Motion passed unanimously.

**Item #4 – Approve all agreements relating to the Silva Family Easements and authorize the recording of the documents**

Mr. Bologna stated that staff has negotiated with the Silva Family to obtain a new 20 foot wide easement in order for the District to avoid going through a portion of residential area that is already encumbered by an existing 30 foot wide easement.

The documents to complete the transaction consist of the following information:

- a) Grant of Easement within a portion of Parcel 208-200-20 (5 acre parcel)
- b) Grant of Easement within a portion of Parcel 208-200-21 (LLC parcel)
- c) Amendment to Grant of Easement for Right-of-Way (reducing a portion of existing easement for Lateral “Re”)
- d) Quitclaim and Termination of Contract and Agreement (pertaining to rights obtained in an unrecorded contract dated July 17, 1918)

Motion was made by Director Kamper and seconded by Director Kuil to authorize General Manager or President of the Board to execute the documents when we obtain as many signatures from land owners as deemed necessary to complete this transaction. Motion passed unanimously.

**Item #5 – Update on Investment Reports**

Mr. Bere Lindley stated the District has been successful in reducing the amount of uninvested funds. He reviewed the portfolio which includes Municipal Bonds, Money Market, U.S. Treasuries, Corporate notes, and CD’s.

**Item #6 – Approval of Job Description changes**

Mr. Donald Thornburg stated the recruitment process to fill current openings has illustrated the need to edit the following job descriptions. Those job descriptions are for Engineering Technician I/II; Water Treatment Operator Apprentice; and Water Treatment Operator II.

Motion was made by Director Kamper and seconded by Director Kuil to amend the job description changes as recommended. Motion passed unanimously.

**Item #7 – Director’s Report on APPA Conference & Item #8 – Various reports as follows:**

Director Holbrook suggested both items #7 and #8 be reported simultaneously.

Director Kamper

- He asked why land owners received multiple copies of the Proposition 218 notice. Mr. Lindley stated the mailing house was to ensure that each person received only one notice. Mr. Emrick stated that Prop 218 entitles an owner to one protest for each parcel.

- He stated the new Division 9 pond is almost topped out to nothing and we have stopped putting water in the pond because of magnacide. Mr. Shields stated he would implement a new policy that we do not stop filling the ponds because of the magnacide.

#### Director Kuil

- He stated the seminars at the APPA conference were good. He attended the Cyber security session for public power agencies. The presenter talked about a group who hold a conference in Las Vegas every year where they teach you how to hack into other computers.
- He also attended a session where they discussed stopping the use of coal to other forms such as natural gas.
- Attended the Building Renewable Energy session and the use of Wind, Geo-thermal, Solar, Natural Gas and Green Energy for power.

#### Director Holbrook

- Attended the Future of Hydropower session. He said an 8.3 mega watts generator facility had been built at the cost of \$29 million. Two other projects of 6 mega watts had been built at \$55 million each. The Tulloch third unit project built at \$26 million was a good price.
- Attended the Department of Homeland Security and found it interesting. He said if you experience unexpected spikes in power usage it could be that someone is hacking into your system. They said you also need to beware of internal threats, such as employees who may want to sabotage your computer system.
- The coal generation costs less to produce power than green power. The green power will not meet our growth demands and we are destined to experience more brown-outs in the future.

President Holbrook asked for Managers Reports.

#### Sam Bologna, Engineering

- Water Conservation Program has received 151 applications. The District has spent over \$313,000 and there are 7 applications pending.

#### Jeff Shields, General Manager

- Received invite to the “Delta Farm Bureau” meeting to be held on Thursday, June 28, from 6 to 8 p.m. This is actually a San Joaquin Farm Bureau meeting since there is no such organization as “Delta Farm Bureau.” He invited the Board Members to attend.
- He spoke with developers while at the APPA conference in regards to repowering the Lathrop Natural Gas plant which is currently in bankruptcy.
- Attended a session at APPA on the national and international economic situation. Good review session on Dodd-Frank banking reform and how it impacts power markets and specifically hedging contracts. Lots of discussion about a future without coal.
- PGE proposed a substantial new rate increase to cover what they call increases in electric procurement costs. They are proposing to levy the increase against departing loads in the form of non-bypassable charges.
- Manteca Redevelopment Agency meeting at 2 p.m. today

- Weekly water reports Division 6 has low water usage. He wants to focus on re-evaluating water allocations of all divisions.

Steve Emrick, General Counsel

- Attended APPA conference and found there is a new power plant built in Wyoming that does not comply with the new coal regulations.
- In other seminars it was stated that sustained low gas prices will be challenged by changes in coal regulations that will increase demand for natural gas and the constant demand for new wells to replace those that are being depleted.

General Counsel announced the Board would be discussing items 9 (a,b,e) under Closed Session. Upon returning, General Counsel announced that no reportable action was taken in Closed Session.

Motion was made by Director Holmes and seconded by Director Holbrook to amend the agenda to include a Special Tri-Dam meeting agenda item. Motion passed 3 to 1 with Director Kamper casting a no vote.

Tri-Dam is planning a special meeting on July 2 or July 6 to discuss labor negotiations and Oakdale Irrigation District would like the South San Joaquin Irrigation District Board of Directors to participate.

Motion was made by Director Kamper and seconded by Director Holmes to hold a joint meeting with Tri-Dam, Oakdale Irrigation District, and SSJID on July 10 at 2:30 p.m. after the regular meeting of the South San Joaquin Irrigation District board. Motion passed unanimously.

There being no further business to come before the Board, it was moved by Director Kuil and seconded by Director Holmes and unanimously agreed upon, to adjourn to the next scheduled meeting to be held Tuesday, July 10, 2012.

ATTEST: \_\_\_\_\_  
Betty Garcia, Executive Secretary