

Manteca, California
July 3, 2007

The Board of Directors of the South San Joaquin Irrigation District met in regular adjourned session in their chambers at the hour of 9:00 a.m.

Upon roll call the following Directors were noted present:

DIRECTORS: HOLBROOK KAMPER KUIL SCHULZ ROOS

Also present were Secretary/Manager Stroud, District Counsel Emrick, District Engineer Gilton, Water Treatment Plant Manager Hubkey, Engineering Department Supervisor Bologna, Executive Secretary Burke.

President Kuil called the meeting to order and asked for public comment. There being none he asked the Board to consider approving as submitted the Consent Calendar Items.

CONSENT CALENDAR

- A. Approve SSJID Warrants of \$759,645.17 and payrolls of \$283,951.07.
- B. Approve Regular Board meeting Minutes of June 12, 2007.
- C. Approve amendment of purchase arrangement with Jerry DeGroot relative to purchase of a portion of land owned by the District on Parallel Avenue in Ripon Amend purchase of 0.10 of an acre for \$62,383 and License Agreement for remainder of property subject to Agreement prepared by District's General Counsel, license term is 20 years..
- D. Authorize a Notice of Completion and Acceptance for the replacement of a portion of Lateral "B" Mozingo Construction.
- E. Authorize a Notice of Completion and Acceptance for the replacement of a portion of Lateral "Bd" by DSS Company.
- F. Authorize a Notice of Completion and Acceptance for the replacement of a portion of Lateral "D" by Mozingo Construction.
- G. Authorize a Notice of Completion and Acceptance for the Rail Road Car Cattle Bridge Project at the U-3 Ranch performed by Cunningham & Sons, Inc.
- H. Approve Irrigation Service Abandonment Agreement #1547, Stepping Stone Group, APN 245-170-33, 18.53 acres.
- I. Adopt Resolution No. 07-11-V, Authorizing the Sale of Property No Longer Necessary for District Purposes.

RESOLUTION NO. 07-11-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 pickups for sale listed below:

<u>DISTRICT I.D. NO.</u>	<u>SERIAL NUMBER</u>
253-03	281354

Are no longer necessary for District purposes and that it is in the best interest of the District to sell said property; and

<u>DISTRICT I. D. NO.</u>	<u>FAIR MARKET VALUE</u>
253-03	\$5,670.00

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Assistant General Manager of the District is authorized to display said property for sale for a period of ten days, thereafter, directed to sell said property to whoever presents the highest cash offer, provided that the offer is equal to or exceeds the following:

DISTRICT I.D. NO.	MINIMUM PRICE
253-03	\$5,370.00

BE IT FURTHER RESOLVED AND ORDERED that the Assistant General 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 3rd day of July by the following roll call vote:

Ayes:	Holbrook	Kamper	Kuil	Schulz	Roos
Noes:	None				

Motion by Director Roos, seconded by Director Schulz, and unanimously carried to approve the Consent Calendar Items as presented, including a revised License Agreement for item "C".

Consider awarding bid for CO 2. Hubkey said we received two proposals:

1. Air Gas, \$0.125 per pound
2. Praxair, \$0.071 per pound.

Hubkey recommended awarding the bid to Praxair at \$0.071 per pound. Motion by Director Schulz, seconded by Director Kamper, and unanimously carried to award the bid to Praxair as recommended.

President Kuil asked Mr. Hubkey to give his report:

Hubkey reported the following:

We had no power failures during June.

Tracy booster program is being redone.

During June we spent 160 man-hours working on repair of the Zenon membrane fibers.

Sludge haul should be finished today. Due to finding hydrocarbons at 300 ppm in the sludge we had to haul the sludge to a landfill. This cost approximately \$6,000 more than if we could have recycled this material.

Log booms in Woodward Reservoir on the west side of the wall are breaking because of the wind and wave action. Looking at options.

Health Department sent us a letter recommending that the Frankenhiemer by-pass canal be fenced. Stroud said we are looking at this, but doesn't feel it should be necessary as long as the water coming out of the Plant is clean. We will be discussing this with the Health Department.

Currently running about 20 MGD. Schulz asked about the arsenic in Manteca. Hubkey said this is from their wells. When they get the M-1 pump and storage facility completed this will help them with the City's arsenic problem by providing more arsenic free water to the eastern part of Manteca.

Laura Simon of Wells Fargo of California Insurance Services addressed the Board relative to the District's health insurance benefits. Ms. Simon apprised the Board concerning the different options. PacifiCare's renewal rates came in at a 14.2 % increase over last year. Blue Cross has offered a one year contract at 3.5% increase over our current rates. She suggested we extend PacifiCare's agreement for three months, to December 1st, and then contract with Blue Cross for one year. Changing our open enrollment period to November will give us the opportunity to have the insurance carrier

at our annual employee safety day to answer questions and to give time after water season ends to get all the paperwork done. Director Roos asked about increasing the benefits for the PPO to make it so the premiums paid by the District are nearly the same, or at least closer, to those for the HMO. Ms. Simon said this could be done and the cost will still be less than the HMO. After discussion it was moved by Director Holbrook, seconded by Director Kamper, and unanimously carried, to extend the contract with PacifiCare ending November 30, 2007 and to sign a one year contract with Blue Cross beginning December 1, 2007. Additionally, to change the PPO package from 80% to 90% coverage. This will result in a slight increase in premium for the PPO, but will be comparable to the HMO's premium.

Consider water sale to the United States Bureau of Reclamation (the Bureau) for their Environmental Water Account of 5,000 to 6,000 acre feet. Stein said Tim Rust from the Bureau had called back after the agenda was finished and said the price had gone up significantly and they may not have funds to make any future purchases. However, the Bureau would still like the Board to consider it. Emrick said he and Stroud did an analysis on the water usage and feel we may be able to come up with some extra water if the usage remains low and we get our entire allocation as predicted. However, he recommended taking no action today pending discussion of the subject at Tri-Dam this month. No action was taken.

Consider conditional approval of Improvement Plans, Developers Agreement and related documents for the Promenade Shops at Orchard Valley Development Project. Bologna said this involves relocating approximately 2,600 feet of 42" cast-in-place pipe on the Lateral "Ya". This portion of Lateral "Ya" is located by Union Road south of the 120 by-pass. He said the District would contribute approximately \$78,000 based on \$30.00 per foot. Director Holbrook asked if we use 54" or bigger to replace 42" are we reimbursing for the larger. Bologna said no, the reimbursement is based on the 42" pipe. Director Holbrook asked what the condition of the current line is. Bologna said it is about 15 years old and as far as he knows it is in good condition. Holbrook asked if we would be replacing the line if the Developer was not involved, and if not, why reimburse the Developer. Bologna explained this is Board policy, and Board policy allows District to deny contribution upon finding by the Board that it is not in the best interest of the District to provide reimbursement such as lines with limited use. President Kuil said this may be an item we need to discuss in the future. Bologna recommended conditional approval and signature of documents subject to compliance with those special conditions and requirements referenced in the Developers Agreement.

- a) Developer shall submit improvement plans to the Engineering Department for approval and comply with all standard requirements concerning improvements to District facilities.
- b) Developer shall convey new easements of adequate widths acceptable to District and enter into an Encroachment Agreement with the District for all proposed encroachments. In areas where the public agency has a prior right of way, the Developer shall secure easements from that agency on behalf of the District using our standard grant of easement form. The easement shall be exclusive and shall have priority over any other dedications. Temporary construction easements shall be obtained by developer as necessary to accommodate the construction of new facilities.
- c) Developer shall not build or develop in District easement until the replacement of the District's facilities has occurred.
- d) Developer shall insure that work involving District facilities shall be in accordance with District requirements and shall provide all supplemental plans and secure all required permits necessary to complete the project. Bonds shall be supplied as required to assure that the District is made whole and that the project will be constructed per approved plans without delay to water deliveries.
- e) Developer shall notify District at least 48 hours prior to commencement of work. Work shall be complete and pipeline operations prior to deadlines established by the District. The work must commence such that it can be completed by the next February 15th. A daily damage charge applies thereafter until the work is accepted.

- f) Developer shall comply with requirements pertaining to acquisition of property owned by the District in accordance with District policy and subject to the terms and conditions approved by the Board on July 5, 2005 and March 28, 2006 respectfully.

The Board questioned the short connection running parallel to Union Road and paying our share for that piece since when development occurs west of Union it will be removed. Also, existing policy provides that reimbursement dictates that payment per foot will not exceed footage installed being existing footage or less depending on alignment. Bologna said if instructed he would remove that from our reimbursement. Motion by Director Kamper, seconded by Director Roos, and unanimously carried to approve as recommended, except to remove the reimbursement on the piece running parallel to Union Road.

Consider conditional approval of plans relative to a proposed grading and excavation plan for Greg Kamper located near Carrolton Road. Director Kamper declared he has a conflict as the applicant is his brother, excused himself and left the Board room. Bologna said Greg Kamper wants to remove dirt and level the land so he can irrigate off Lateral "Q". Bologna said we have looked at the plans, it is a good project and he recommends approval. Roos asked if he should not be removing additional dirt. Bologna said it may be better and he would have no problem if he removed an additional foot. Motion by Director Holbrook, seconded by Director Roos, and unanimously carried to approve as requested, and to authorize staff to recommend he cut one more foot of dirt off. Motion carried, Ayes 4, Noes 0, Abstentions 1, with Director Kamper being out of the room.

Director Kamper returned.

Consider approval of Transfer Agreement with the City of Manteca for a portion of Lateral "Re" no longer needed by the District. Bologna said a transfer agreement has been prepared and sent to the City. Bologna recommends approval of the Transfer Agreement and authorization to execute same. Motion by Director Roos, seconded by Director Holbrook, and unanimously carried, to approve as recommended.

Consider approval of plans by OID to replace the Reed Lateral crossing of the Main Distribution Canal North of Lambuth Road. Bologna recommends the Board approve the plans as submitted. Motion by Director Schulz, seconded by Director Roos, and unanimously carried to approve the plans and agreements and to authorize execution of same.

Consider conditional approval of improvement plans for the Freedom Christian Center Development located near the intersection of Union Road and Alameda Street, Manteca which affects Drain 4. The Church will replace approximately 250 feet of Drain 4 with new RGRC. Also, the Church will put in two 96 inch pipes that are 125 feet long for storage of drain water to comply with City and district Drainage requirements. Bologna said this development is not eligible for reimbursement by the District because the line is a drainage facility primarily used by the City for drainage. He recommends approval and signature of documents subject to compliance with those special conditions and requirements referenced in item #13, as follows:

- a) Developer shall submit improvement plans for the entire Church project development to the Engineering Department for approval and comply with all standard requirements concerning replacement of all facilities located within the development as specified in the tentative map conditions adopted for the project.
- b) Developer shall not build or develop within District easement until the replacement of the District's facilities has occurred in accordance with approved plans.
- c) Developer shall convey new easements and enter into an Encroachment Agreement with the District for all proposed encroachments.
- d) Developer shall notify District at least 48 hours prior to commencement of work. Work shall be complete and pipeline operational prior to deadlines established by District. The deadline for work is typically February 15th of any given year.

- e) Developer acknowledges that acceptance of storm water for this project will be subject to the terms and conditions of the Storm Drainage Master Plan between the District and the City.

Bologna recommends conditional approval based on finalization of plans and execution of all documents. Motion by Director Holbrook, seconded by Director Kamper, and unanimously carried to approve the plans, authorize execution of all documents and terms and conditions above.

Review status of solar project; consider proposal for CEQA review and authorization to retain outside expertise to do biological inspection and preparation of plans for necessary permits. Emrick said the Board approved the solar proposal with SunTechnics with the option of Private Financing at the last Board meeting. He said we will need to advance the construction cost, including bonding costs, until permanent financing is in place. If the project is privately financed at the completion of construction the District's construction costs will be repaid, but there is an upfront payment required of approximately two million dollars to pay for power. The solar generation is projected to offset all of the annual energy cost, but there is an upfront payment required of approximately two million dollars to pay for power. The solar generation is projected to offset all of the annual energy cost, but some PG&E demand costs that remain are approximately \$65,000. Director Schulz suggested Black & Veatch or another third party confirm the District economist's figures. Emrick said he would look into that but that assumptions are the hard part of the model. Emrick said he would however look into getting the model confirmed. Emrick said we have requested a proposal from ESA for CEQA review, but have not received one. No action was taken.

Director's reports on APPA Conference in San Antonio, Texas.

Roos said it was a well run conference. He said in talking with others he found that most municipal utilities are charging 6 to 8 cents per kwh, while PG&E is charging 14+ cents.

Schulz said he went to the Employer of Choice program. He said it was a program that we should look at adopting. The employees of employers with the program were significantly happier and did a better job than those employers without the program. The key is the moral of your employees, and involving them more in the business is a good way of doing that.

Kuil said he enjoyed meeting and conversing with directors of other entities on how they work to get employees on board and working for the best interest of the employer. Additionally, he noted that for "Financing of Greenhouse Projects" outside investment was critical.

Kuil called for Manager's reports:

Stroud reported the following:

A committee of the state legislature threw out legislation to combat theft of copper due in part to lobbyists for the recycling industry.

Ed Erisman, Operator at the WTP passed his T-5 license. We are very proud of Ed's accomplishments – and our in-house training programs.

Met with SEWD relative to extending our water sale contract, which otherwise expires in two years. SEWD, Cal Water, City of Stockton and OID attended the meeting. Most of the discussion was on the SEWD taking delivery of water in excess of the monthly limits spelled out in the contract. Emrick said if this is the case we need to find out why Tri-Dam delivered them the water.

Manteca Convention and Visitors Bureau are putting on Education Days and have asked if we would make a presentation which we said we would.

Received a notice from the Ripon Chamber of Commerce for renewal of our membership, cost is \$205.00. Plan to pay it and continue this worthwhile program.

Water deliveries have remained fairly constant. Schulz asked about losses at Woodward and if we should look at lowering the water level to avoid losses. Gilton is to look into what it would take to better quantify evaporations and seepage losses at Woodward and report back with his recommendations.

Relative to the Water Tank on Moffat Boulevard, which has our SCADA on it, we are looking at putting a tower at the Manteca Pump Station. Metro PCS is interested in working with us on this.

Had a request for a gate on Enterprise in Escalon. Will investigate before coming to the Board. Director Schulz will also look into the matter.

President Kuil called for closed session. General Counsel Emrick stated that following items will be discussed in closed session.

Conference with Legal Counsel, existing litigation. Gov. Code, S. 54956.9
SSJID v. LAFCo, Superior Court, San Joaquin County, Case No. CV 030255
SSJID v. Meridian Pacific, et al, Superior Court, San Joaquin County, Case No. CV 030855.

Conference with Real Property Negotiator. Negotiating parties: District & Oakdale Realty. Property: Stanislaus County APN 002-001-063. Agency Negotiators: Steve Stroud and Steve Emrick. Under negotiation: Price and terms of payment.

Public Employment Performance Evaluation, Gov. Code S. 54957.
Positions: General Manager, General Counsel, and Auto Mechanic.

Conference with Real Property Negotiator: Negotiating Parties: District, Stockton East Water District, and City of Stockton. Property: Extension of Water Sale Agreement. Agency Negotiator: Stevan Stroud. Under Negotiation: Price.

Upon returning from closed session it was reported by General Counsel Emrick that there was no reportable action taken in closed session.

There being no further business to come before the Board it was moved by Director Roos, seconded by Director Holbrook, and unanimously carried, to adjourn to July 24, 2007 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary