

Manteca, California
July 7, 2015

The Board of Directors of the South San Joaquin Irrigation District met in special session in their chambers at 9:00 a.m. President Holmes called the meeting to order and 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 Jeff Shields, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Executive Secretary Betty Garcia.

Public Comment - None

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$207,505.75; A/P wires in the amount of \$506,661.75; payroll dated June 26, 2015 in the amount of \$192,880.00.
- B. Approval of the regular Board meeting minutes of June 23, 2015.

A motion was made by Director Kamper and seconded by Director Holbrook to accept the Consent Calendar as submitted and passed 5 to 0 by the following roll call vote:

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

ACTION CALENDAR

Item #1 – Request from David Verdegaal to address the Board to authorize portions of his unauthorized encroachments of District’s main supply canal real property interest upstream of the Frankenheimer power plant

Mr. Verdegaal stated he was unaware that he had encroached upon District fee-owned property as he has been farming this land for the past 10 years and has always used the proper permits and licensing required when doing any building or planting. Mr. Sam Bologna, Engineering Manager, indicated that a recent survey of his property revealed there are several encroachments of the District’s property that include almond trees, redwood trees, landscaping, a part of a permanent shop building, a large portable container, power poles, a transformer, a fuel tank, a pump discharge line and a portable water pump. Mr. Verdegall agreed to remove all of the encroachments including the portable pump and unauthorized discharge. However, he asked the Board if the building, redwood trees, and landscaping could be added to a licensing agreement

that is currently in place for the access road and pay an annual fee in lieu of tearing down the building and removing the landscaping (lawn) and redwood trees. Director Holbrook believes it is the responsibility of the land owner to ensure the building, trees, landscaping, and other encroachments are removed from District property. Mr. Shields, General Manager, wants an opportunity to speak with Stanislaus County to verify the building permits that were obtained to construct the building. It is the consensus of the Board that the trees be removed; the inlet pipe and the pipe that was installed to withdraw water be removed; and allow the building to remain for some time while the building permit is being reviewed.

A motion was made by Director Holbrook and seconded by Director Kuil to pull this item and refer it to staff for a recommendation after further research with Stanislaus County regarding the building permit. Motion passed 5 to 0 as follows:

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

Item #2 – Water Supply Forecasts

Mr. Shields said that Lake Tulloch remains full and that he expects New Melones Reservoir to be at 233,000 acre-feet at the end of September and SSJID should have 85,000 acre-feet in the conservation account. The Bureau of Reclamation still plans to take water from New Melones for fish flows. He said the reservoirs are bad and the State and Federal agencies have issues with the temperature in the Stanislaus River and elsewhere. The National Fisheries wants us to see the temperatures at 65 degrees. He also reviewed the projected water budget figures for 2015 and the Tri-Dam Operations daily report of water data. He said that Oakdale Irrigation District is doing a good job of reducing its spills into the District’s facilities.

Item #3 – Consider conditional approval of Oleander Estates #3

Mr. Bologna indicated this item had been tabled at the last board meeting to allow staff and the developer opportunities to explore other options for dealing with the well issue. Mr. Andrew Sephos with Raymus Homes, developer of the project, addressed the board stating that his company will accept any of the three options that were discussed with District staff regarding the well. The options are as follows:

- 1) Compensate the District for the cost of a new well: Determine the cost (based on well driller bids) to replace the well in the same general vicinity as the existing well, using the design specifications of the existing well and its appurtenances.
- 2) Construct a replacement well: Find a location within the development to relocate the well and perform all necessary work to assure that the new well and pumping facility meet the same design criteria as the existing facility.
- 3) Modify existing well: In lieu of relocating the pump, the developer would leave the well and pump in its current location and make improvements to mitigate any potential concerns to future residents related to that option and make sure that the modified pumping facility is equivalent or better than the existing facility at the completion of the project.

Mr. Sephos indicated that MCR Engineering solicited 15 proposals to drill a new well and only two companies responded. Mr. Sephos stated that Raymus Homes is ready to offer the District \$150,000 to purchase and ultimately abandon the well, however, they would like to be able to have use of the well until the final lot is developed. Mr. Dan Evanson, of MCR, stated that the Oleander Estates project has its own storm drain basin and groundwater remediation well. As a result, the project would not be relying on the District's operation of the well for groundwater remediation. Mr. Mark Houghton, City of Manteca Public Works Director, was present and affirmed that the City was not relying on the District's well for groundwater remediation.

A motion was made by Director Holbrook and seconded by Director Roos to refer this matter back to engineering staff to work out final details of the agreement and bring it back to the Board on the July 28 meeting for final approval. Director Kuil asked Mr. Sephos if he would increase his offer to \$175,000 and Mr. Sephos agreed to do so. The motion was then amended to provide that and in lieu of developers replacing the well, the District will accept compensation from the developer for the cost of a new well in the amount of \$175,000 with the developer having access to the well water until the last lot in the Oleander Estates #3 is developed, however, the well abandonment must occur within the next three years. Motion passed 5 to 0 as follows:

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

Item #4 – Consider conditional approval of request by MID to extend the expired master encroachment agreement to allow for proposed encroachments of the MDC and Lateral “Ra” to service Fondse Bros. real property located at 21399 Carrolton Road. Also, consider acceptance of an easement from Mr. Fondse for a portion of the MDC in conjunction with that transaction

Mr. Bologna stated that Modesto Irrigation District has requested to cross a portion of the MDC and Lateral “Ra” with power lines to service a pump for Kevin Fondse that is located on Eugenia Avenue between Carrolton and Wagner Roads. The master encroachment agreement between the District and MID has expired.

A motion was made by Director Kuil and seconded by Director Holbrook to approve the project subject to modifications of the plans to the Engineering Department's satisfaction, and to approve the request from MID to extend the expired master encroachment agreement for this project only, provided that it will not charge exit fees to Mr. Fondse if he elects to take service in the future from SSJID and MID assures that the lines do not interfere with District maintenance, and to accept an easement of 50 feet along the owner's property line. Motion passed 5 to 0 as follows:

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

Item #5 – Consider conditional approval of PG&E’s request to extend the expired master encroachment agreement to allow for the proposed encroachment of Lateral “Z” – DD for a gas line service located at 2300 Yosemite Avenue in Manteca

Mr. Bologna stated that PG&E has requested to cross under a portion of the District’s Lateral “Za”-DD with a gas line service for a property located on 2300 West Yosemite Avenue in Manteca. The master encroachment agreement between the District and PG&E has expired. The primary concern of the District is to have adequate clearance under the pipeline and not to disturb operations. The plans of PG&E require them to jack and bore so there should not be any interference with District operations.

A motion was made by Director Kamper and seconded by Director Kuil to accept staff’s recommendations for conditional approval subject to the plans that were modified in conformance with the Engineering Department directives and to extend the master encroachment agreement between the District and PG&E for this project only. Motion passed 5 to 0 as follows:

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

Item #6 – Discussion and possible action concerning pursuing the resubmittal of a grant application for Proposition 84 grant funding that was previously submitted by the Groundwater Basin Authority of SSJID’s behalf

Mr. Bologna stated the Board previously pursued a Proposition 84 grant funding opportunity through the GBA to help fund the proposed West Basin project and the On-Farm Conservation Program and adopted a resolution to that affect. However, the District was unsuccessful because the overall scoring fell one point below the funding threshold. Mr. Brandon Nakagawa, with the Groundwater Basin Authority, stated the competition for funding is high and extends from Sacramento to Fresno. He indicated there are over \$6 million in funds available. He said there would be new scoring criteria for the grant. In order for the GBA to apply for the grant funding, they would need to retain the services of GEI Consultants and gain approval from the GBA Board at their July 8 meeting. Mr. Nakagawa suggested the District might want to secure the services of Stantec to work with their consultant to assist in assembling the data to assure that the grant application has a better chance of scoring higher in the grant submittal.

A motion was made by Director Kuil and seconded by Director Holbrook to consider the possibility of pursuing the Proposition 84 grant funding opportunity if it is approved by the GBA and to consider an agreement with Stantec to assist in the grant application process with an amount not to exceed \$5,000. Motion passed 4 to 1 as follows:

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

Item #7 – Ratify District’s agreement with Mountain House Community Services District for transfer of 1800 acre-feet of well water

Mr. Shields stated that Byron-Bethany’s water rights were curtailed and that Mountain House is in need of water. The District has offered to provide up to 1,800 acre-feet of well water to Mountain House until December 31, 2015. Mr. Shields said the District decided to stay away from using its surface water sources and will use well water that can be conveyed through Drain 11 or the FCOC. The District will work with Mountain House to monitor their intake.

A motion was made by Director Roos and seconded by Director Holbrook to ratify the District’s agreement with Mountain House Community Services District to transfer 1,800 acre-feet of well water until December 31, 2015. A party can terminate this agreement before that date effective on the last day of any month beginning with September 30, 2015, by providing written notice of termination to the other party at least 30 days before the date that this agreement is to terminate. Motion passed 4 to 1 as follows:

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

Item #8 – Discussion and possible action on tiered rates for irrigation for 2016

Mr. Bere Lindley, Manager of Finance and Administration, stated earlier this year, the Board decided that SSJID should adopt a tiered rate design for irrigation water to begin in 2016. This was done in conjunction with the adoption of the 36 inch limit for 2015. He said the main purpose for a tiered rate design, as indicated by the directors on the water committee, is to provide a permanent incentive for irrigators to:

- Continue the efficiencies they have adopted during this drought year, into future years when an inch-limit is not imposed;
- Invest in efficiencies and conservation measures that might not otherwise be justifiable because of the infrequency of drought years with inch-limits, and;
- Position the District and irrigators better for the next drought when supply to irrigators must be limited.

Mr. Lindley presented three rate designs to show how the costs to customers vary as design parameters are changed. He emphasized the need to strike a balance between providing a price incentive to high users to irrigate more efficiently on one hand, and on the other hand, to avoid unreasonable price increases for everyone else. Director Holbrook suggested this item be referred to the Finance Committee and staff to decide on a specific recommendation to the full board and to review the District’s 1919 Rules and Regulations for time limits concerning water. It is recommended that the item be brought back to the July 28 meeting for reconsideration of a new tiered rate design, subject to the Proposition 218 process.

Item #9 – Consider compensation adjustment for General Counsel after Closed Session

Item #10 – COMMUNICATIONS

Director Kuil attended the Tri-Dam Advisory meeting and discussed extending the current auditors for one more year. There was also discussion in regards to selling property located at Strawberry.

Director Holbrook stated that CSDA is asking for letters from special districts to oppose SB 239 (Hertzberg) regarding public agencies contracting for fire protection services. At a time when many agencies are facing increased financial pressures, SB 239 restricts the ability of fire protection agencies to govern in the best interests of the affected residents and potentially disrupt service entirely.

Director Roos recently attended a meeting in Tracy with Congress Denham and said it was a good meeting and that he was glad he went.

Director Kamper shared a Ripon History book that showed an ariel photo of the Stanislaus River in 1935 that was full to almost overflowing.

Mr. Erisman gave his monthly report:

- He reported another small fire at Woodward Reservoir over the past weekend. The burned area was approximately one acre of tullies, below the 210 foot high water mark.
- The Industrial Test firm will be at the WTP on July 14 and data will be gathered for the Arc Flash Safety Study.
- WTP staff have reviewed and re-written the “hot” work policy and procedures manual. The policy includes welding, grinding, torch use, and any other work that produces sparks or flame. We will be designating the new maintenance shop as the main area for this type of work to be performed.

Don Battles, Utility Systems Director

- He reviewed the 2015 WTP True-Up billing for power use and savings attributed to solar. The total solar power cost savings for 2015 was \$445,274 compared to the 2014 savings which was \$426,738. He indicated the WTP is still receiving a great benefit from solar use.

Bere Lindley, Finance & Administration Manager

- He reported on the amount of water allotment remaining for SSJID irrigators. Seven parcels have no allotment left. Forty-five parcels have 6 inches or less left. A majority have more than 15 inches left.
- Sam Bologna mentioned that the number of irrigators using master accounts is 83; the number of water allotment transfers is 17; and the number of agreement to transfer private water through district facilities is 4.

Joe Catanzarite, Operations/Water Supervisor

- He and Frank Avila are looking at growers on the Main Distribution Canal to see who is drawing out water. His goal is to ensure that all growers are listed in the True-Point billing system.
- Some of the growers are reaching their maximum allotment of 36 inches for water.

- The new Magnacide label requires 2 applicators and the District currently has 3 applicators. Director Holmes said it would be best if Mr. Catanzarite chooses one day to apply the Magnacide rather than to advise the growers of a three day option.

Sam Bologna, Engineering Department Manager

- He recently signed the contract to drill the second well.
- He met with the City of Manteca regarding the Family Entertainment Zone project (FEZ).
- Still working on the Mr. George TeVeldte regarding his annexation agreement.
- Making progress on the update to the Agriculture Water Management Plan and the feasibility study for the pressured system.

Troylene Vallow, Communications Coordinator

- She received an email from the BIA who commends the District for working with Mountain House on the water transfer agreement.

Jeff Shields, General Manager

- District is looking for a mutually agreeable court venue but the State Water Board is saying they plan to initiate enforcement proceedings. He's not sure who they will go after to make their claims but likely will be someone that failed to file a Certificate of Compliance. Steve Knell and Mr. Shields sent a letter explaining why the District would be complying with its water rights and not diverting water to storage from our post 1903 rights. The District will not submit to SWB jurisdiction over its Pre-14 rights.
- Byron-Bethany is in court today challenging the water curtailments.
- The SWB sent a letter to the Bureau of Reclamation and DWR asking for new information because temperatures on the Stanislaus and San Joaquin Rivers have increased. The SWB letter instructed the Bureau to come up with a Revised Plan of Operations by July 10. On July 6 there was just 104 CFS flowing in the San Joaquin River at Vernalis. The SWB recognized that the New Melones Reservoir is better than expected with in-flow above what was projected in April and the Districts diversions are lower than anticipated. In a meeting with Congressman Denham and the Bureau last week in Tracy, the Bureau released new numbers for New Melones end of month September storage which they expect to be 233,000 AF. This is much more than the 150,000 AF we had agreed to. The Bureau and fish agencies are discussing a revised Plan of Operations for New Melones and will be meeting with SSJID/OID in the next couple of days to work out the details of the plan.
- The District completed an agreement with Mountain House to provide an average of 5 CFS (10AF/day) on a weekly average basis through December 31, 2015. The total amount of water allocated to Mountain House is 1,800 AF. There is an opportunity for the District to reconsider the transaction on September 30 if hydrologic conditions become a problem. The source of the water will be dewatering wells that the District can operate without impacting our surface water supplies and without a material impact to the Eastern San Joaquin Groundwater Basin. The price of the transaction is \$250/AF which is approximately 50% of the market rate and the same price we agreed to provide water to Tuolumne Utility District last year.

- Fish Bio Report dated July 6 on O.mykiss/steelhead genetics. Bottom line is new results indicate it is simply a choice and not genetics that determine propensity for a trout to become an anadromous steelhead. The choice is influenced by environmental conditions with harsher conditions leading to a decision to migrate. When things get difficult some of the trout will migrate to the ocean.
- Groundwater Basin Authority meeting will be held on Wednesday, July 8 at Cal Water in Stockton. Discussion will include GSA and the County role. Irrigation Districts will meet on Friday to discuss GSA's and concerns surrounding outside influence over groundwater in our service areas.

It was announced that item 11 a, b, c, d, e, f & g would be discussed in Closed Session.

Item #11 – Closed Session

- a. Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
- 2 cases
- b. Public Employment
Government Code Section 54957
Title: General Manager
- c. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of Subdivision (d) of Section 54956.9
- 1 case
- d. Public Employment Performance Evaluation
Government Code Section 54957
Title: General Counsel
- e. Conference with Real Property Negotiators
Pursuant to Section 54956.8
Property: Water
Agency Negotiator: General Manager
Negotiating Parties: Mountain House
Under Negotiation: Water Transfer Price and Terms
- f. Public Employee Discipline/Dismissal/Release
Government Code Section 54957

- g. Conference with Legal Counsel – Existing Litigation
(Paragraph (1) of subdivision (d) of Section 54956.9)
- 3 cases

Case Name: San Joaquin Tributaries Authority et al. vs
State Water Resources Control Board
Superior Court for Stanislaus County
Case No. 2015366

Case Name: Pacific Gas & Electric Company vs
San Joaquin LAFCo
Superior Court for San Joaquin County
Case No. 39-2015-00321743-CU-JR-STK

Case Name: Martha Bonde vs South San Joaquin Irrigation District
Superior Court for San Joaquin County
Case No. 39-2013-00300234-CU-MC-STK

Upon their return from closed session, the following action was reported:

Item #11d – Public Employment Performance Evaluation – General Counsel

A motion was made by Director Roos and seconded by Director Holbrook to increase the salary of the District's General Counsel in the amount of \$8,000 per year, retroactive to July 1, 2015. Motion passed 5 to 0 as follows:

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

Item #11f – Public Employee Discipline/Dismissal/Release

A motion was made by Director Holbrook and seconded by Director Kamper to deny the grievance of a ditchtender, reject the decision of the Arbitrator, and mail the Board's written decision to the appropriate parties. Motion passed 5 to 0 as follows:

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

Item #12 – ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Holbrook and seconded by Director Kuil to adjourn the meeting at 2:32 p.m. Motion passed 5 to 0 as follows:

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

ATTEST: _____
 Betty Garcia, Executive Secretary