

Manteca, California
July 10, 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 ROOS
ABSENT: NONE

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 \$760,876.95 and Payroll of \$547,151.98
- B. Approval of Board Meeting Minutes of June 26, 2012
- C. Financial Statements May 2012

The Financial Statements were distributed at the meeting. Director Roos asked Mr. Lindley if the statements could be distributed prior to the meeting for their review. Mr. Lindley agreed the statements would be processed in a more timely fashion.

Director Roos questioned the expense of the county dump charges for the sludge from the Water Treatment Plant. Mr. Hubkey is going to review and report back to the Board.

Director Kuil questioned the landscaping costs and what time period was covered by these charges. Mr. Lindley will research and report to the Board.

A motion was made by Director Holmes and seconded by Director Roos to approve the consent calendar items as presented.

PASSED AND ADOPTED on this 10th day of July 2012, by the following roll call vote:

Ayes: Holbrook, Holmes, Kamper, Kuil, Roos
Absent: None

ACTION CALENDAR – Director Holbrook called for discussion of item #4

Item #4 – Reconsider terms of approval of amendment to Irrigation Service Abandonment Agreement for Caleb Cox, APN 229-050-27

Mr. Henry Vanderpol stated that he leases the subject land and complained that the District's customer service was poor and that he was unhappy that his water had been discontinued without prior notice.

A motion was made by Director Holmes and seconded by Director Holbrook to accept the Service Abandonment Agreement for Mr. Cox into the Water Conservation Program and to allow him time until the end of the water season before installing a meter meeting the District's specifications. Motion passed 4 to 1 with Director Kuil casting a no vote.

Item #1 - Update on Division 9 Project

Mr. Jeff Shaw stated that magnacide was released into the basin this week and for that reason water has to be held for 7 days. Mr. Roos did not understand why water must be held when magnacide is released. Joe Catanzarite stated it is a safety measure to ensure that magnacide does not flow into the river. Mr. Holbrook asked Mr. Shields to review the matter and create a procedure on how to process the magnacide without having to stop the release of irrigation water.

Mr. Todd Kotey indicated that Knife River is continuing to work out the issues on the punch list items, but they were not completed by July 6 as required by our tentative agreement. He stated that Mr. Joe Reyes believes the issues are no longer the responsibility of Knife River. The outstanding issues are as indicated below:

- Erratic readings on pump discharge meters
- U and V valves – noise issue on flow meters
- Radio failure – two separate radios
- Soil Moisture Sensors – need a data logger box
- Erratic readings on flow meter readings and data noise issues on the flow meters

Mr. Shields stated he wants all of these issues resolved by Knife River. He will speak to Mr. Essoyan in regards to these items. He asked Mr. Shaw how the operator training is going so the District will be able to transition away from Stantec. Mr. Shaw indicated there are still issues with the ditch tenders and that he needs to spend more time with staff, however, has had limited availability due to the unresolved punch list items. Mr. Shields would like to see his staff more involved in the trouble shooting of these issues.

No action was taken on this item.

Item #2 – Hydropower Project Overview Presentation

Ms. Shannon Rund with Aircon Energy and Mr. Eric Thompson with Natel Energy reviewed a power point presentation with the Board members. They discussed the feasibility study they are developing for the proposed project, and the project development, their site visits and gathering of data, engineering and development, financial strategies, regulatory issues and interconnection to PG&E's distribution system.

Mr. Kamper asked what type of cleaning is required by the hydroEngine. Mr. Thompson indicated the trash rack would need to be cleaned and maintained in order to remove debris and weed particles on a weekly basis. Mr. Holbrook asked if the District staff could be trained to maintain this process. Mr. Thompson said yes the staff would be trained.

Ms. Rund stated that Aircon Energy continues to provide ongoing support of all systems designed and implemented and will work closely with the District's staff to provide the training and support required for success and understanding of the hydropower plant.

No action was taken at this time.

Item #3 – Approval to hire Hansen Painting & Decorating, Inc. to repair paint on Treated Water Storage Tank

Mr. Hubkey presented this item to the Board indicating the tank is approximately 30 feet tall and difficult to reach.

A motion was made by Director Kuil and seconded by Director Holmes to authorize the hiring of Hansen Painting and Decorating, Inc. to repair the peeling paint on the Treated Water Storage Tank in the amount of \$7,720.00. Motion passed unanimously.

Item #5 – Approval of new Purchasing Policy and Bureau of Reclamation Report

Mr. Bere Lindley stated the 2011 audit recommended that we change our purchasing policy to assure compliance with requirements for federally funded projects is implemented. The proposed new policy addresses this issue and the concerns of some of the employees that the purchasing limits were too low. Mr. Lindley explained that the proposed policy makes a number of changes including:

- Requires Board approval of all new District memberships
- Requires all purchases to be included in the *total amount* of the District budget while allowing the General Manager the flexibility, when necessary, to exceed the budget on a particular item if it can be offset by an under budget item.
- No longer requires Board approval of every consulting engagement as consulting would be subject to the same approval limits as other purchases.

A motion was made by Director Holbrook and seconded by Director Kuil to adopt the proposed purchasing policy and to include language similar to that found under Bidding & Contracting, item G, on page 3 of the Cucamonga Valley Water District purchasing policy:

- *“Best Value shall mean the bidder who meets the best interests of the District as determined by the awarding personnel or the Board of Directors in their sole and absolute discretion pursuant to the criteria outlined by the District in its Request for Quotes, Request for Proposal or Invitation to Bid.”*
- *Also in the Twentynine Palms Water District purchasing policy at Section 102. B.: “If procurement is made from a vendor not offering the lowest monetary prices, the Board shall make a finding, in the form of a brief written statement at the time of Board approval, which sets forth the Board’s determination, in its reasonable discretion, that the purchase from a vendor who is not the lowest monetary bidders is in the best interests of the District.”*

Motion passed unanimously.

Item #6 – Approval of suspension of Tier 2 of the Division 9 pressurization rates

Mr. Lindley stated the District staff recommends suspension of a tiered rate for this year because of the additional cost and work required for computer software programming. Director Roos stated he does not like the idea of having a tiered rate.

Director Holbrook asked staff to bring a report to the first meeting in August indicating what and how much water the farmers are using. He also asked Director Kamper, who sits on the Water Committee, to be sure if anyone opposes the rate issues, that he asks why they are opposed and reports back to the Board.

Ms. Troylene Saylor expressed concerns regarding notification to Division 9 water consumers. Mr. Emrick read the Proposition 218 Notice regarding the proposed rate changes and said the notice will go into effect next year and will not affect this year’s rates.

A motion was made by Director Holmes and seconded by Director Roos that the Board temporarily suspend tier two of the Division 9 pressurization rates for the 2012 irrigation season. After the 2012 irrigation season, management will provide the Board with a report of the revenues and expenses of the pressurized system. Depending on the findings, the report may or may not recommend a change to Division 9 pressurization fees. At that time, management may recommend eliminating tier 2. Motion passed 4 to 1 with Director Kamper casting a no vote.

Item #7 – Approval of amendment to the District’s Conflict of Interest Code

This item was tabled to the next meeting of the Board of Directors.

Item #8 – Authorize LAFCo’s Request for additional Attorney’s Fees

Mr. Shields presented this item to the Board stating he believes there were some unnecessary charges made to the District’s legal fee deposit, particularly in regards to the Nixon Peabody charges. He said Mr. Glaser will be preparing a staff report to LAFCo.

A motion was made by Director Kuil and seconded by Director Holmes to authorize payment of \$50,000 to LAFCo of an additional deposit to cover its outside attorney’s fees. Motion passed 3 to 2 with Director Kamper and Director Roos casting no votes.

Item #9 – Various reports as follows:

Director Roos

- He asked about the report that Jim Atherstone put out regarding the District’s well water and asked why nitrogen data was not included in the report.
- Attended the American Public Power Business Model training session at the annual conference in Seattle and found it interesting.
- Also attended Evaluating Effectiveness of Your Governing Board at the APPA conference and came away believing that SSJID is operating well.
- Went to Bend, Oregon and met with Mike Britton, General Manager of the North Unit Irrigation District. They have 60,000 acres and generate no revenue from Hydros.

Director Holbrook

- Met with Frank Clark and Dan Pope and was told Tri-Dam meeting for today is cancelled
- Next Tri-Dam meeting is on July 24 after the SSJID Board of Director’s meeting.
- Announced the California Special Districts Association (CSDA) annual conference will be held in San Diego on September 24 – 27.

President Holbrook asked for Managers Reports.

Bill Hubkey, Water Treatment Plant Manager

- California Department of Public Health has submitted their annual inspection to staff. Overall the report was good. There are areas where the Department would like increased testing. Plant staff will send a response to all questions that were asked.
- Earthshine Corporation Industrial Hygienist toured the plant and reviewed our SOP’s. Overall it went well but staff needs to make some changes regarding our Confined Space work.

Don Battles, Utility Systems Director

- He reviewed the refund history for the CSI Solar Project. We have collected over \$5 Million in our four years of producing energy.

Troylene Sayler, Communications

- Announced the Ripon Chamber of Commerce dinner on Thursday, July 26. Asked for several Board members to attend
- Escalon Park Fete to be held Friday & Saturday, July 13 & 14, promoting Retail Electric

- Ray Hellstrom's Retirement party on July 19
- Senior Breakfast on November 17
- Pumpkin Festival on October 6 & 7
- Ripon Main Street Fair on October 20

Sam Bologna, Engineering

- Water Conservation Program has received 154 applications. The District has spent over \$1,058,493 and the balance in the account is \$81,507.
- Presentation by Davids on Flow Measurement and True Point evaluation. Will provide a report at the next meeting on Division 5 water meter effectiveness.

Jeff Shields, General Manager

- TriDam operation's daily report and previous two weeks irrigation water usage reports appeared to be incorrect.
- Manteca Tea Party meeting on Thursday, July 12, 7:30 p.m. at Manteca Golf Course.
- UOP Forecasting Center at the School of Business just released a Benefit/Cost Analysis for BDCP.
- PGE files 2014 GRC 8% increase. In the last three years, SSJID intervened and won several reduction to the revenue requests and specifically got agricultural rate increases reduced from 13% to 2.1%.
- ACWA sent a Request for Legislative Proposals for 2013-2014 Legislative Session. Deadline in September 7 and requires a Board resolution.
- All surplus vehicles for the District have been sold at the original asking price.
- As of June 27, Division 9 is servicing 2,382 acres.

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

There being no further business to come before the Board, it was moved by Director Holmes and seconded by Director Kuil and unanimously agreed upon, to adjourn to the next scheduled meeting to be held Tuesday, July 24, 2012.

ATTEST: _____
 Betty Garcia, Executive Secretary