

Manteca, California
July 25, 2006

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 members of the Board were noted present:

DIRECTORS: DEGROOT SCHULZ KUIL

 ABSENT: KAMPER ROOS

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

Vice President Kuil called the meeting to order and asked for public comment.

John Wang from PG&E addressed the Board. He told the Board that PG&E supports SSJID spending the proceeds from Tri-Dam by giving the money to PG&E and they will put a credit on their customer's bills, rather than the District investing in PG&E's electric facilities. PG&E claims that the money SJSID has spent to fight PG&E since 1989 amounts to \$225 for every PG&E customer in the District.

Vice President Kuil asked the Board to consider approving the Consent Calendar as presented.

CONSENT CALENDAR

- A. SSJID Warrants of \$326,801.28.
- B. SSJID Regular Board Meeting Minutes of July 11, 2006.

Motion by Director Schulz, seconded by Director DeGroot, to approve the Consent Calendar items as presented.

PASSED AND ADOPTED this 25th day of July 2006 by the following roll call vote:

Ayes:	DeGroot	Schulz	Kuil
Noes:	None		
Absent:	Kamper	Roos	

Vice President Kuil asked WTP Manager to give his report:

Hubkey reported the following:

The Manteca Pump Station, M3, lost two pumps. One was out of balance, and the other burned up last week, at this time we are not sure why. Industrial Electric, the low bidder on the repair, will provide a statement as to the cause.

The Manteca Pump Station, M2 variable frequency drive tripped out, probably from excessive heat. A more specific diagnosis of the cause is being developed.

Relative to the 42-day test that Zenon is now running, they have to go 30 days without membrane cleaning and then they do a 12-day flow test where they increase and decrease the volume.

Currently the plant is using citric acid for cleaning, but Zenon is still experimenting to find the best recipe.

The Plant is running 20 MGD, last week it was up to 24 MGD.

Relative to open Operator positions at the plant, we made job offers to three individuals, all three live in the foothills.

Laura Simon, District insurance broker addressed the Board concerning employee health insurance for 2006-2007 contract year. Ms. Simon told the Board the current contract with Blue Shield expires August 31, 2006. She gave some comparisons and recommended the Board go with Pacific Care because they are the least costly of essentially equal packages. Blue Shield, Blue Cross and Pacific Care are very responsive in resolving problems. Director Kuil asked that she come back on August 8 when we have all the Directors present. No action was taken.

Consider authorizing staff to issue a purchase order to Michael L. Quartaroli to perform a boundary survey on Lateral "B" from the Victory Road to Steinegul Road. Gilton told the Board we are planning to put in two 48" pipelines and we own a 50-foot wide piece of land that has several encroachments, pools, barns, etc., so we need a survey. He recommended approval. Motion by Director Schulz, seconded by Director DeGroot, and unanimously carried to approve hiring Mr. Quartaroli not to exceed cost of \$14,500 to do the survey as recommended above.

Approve plans and specifications and authorize staff to call for bids for the Lateral "B" replacement. Gilton said we plan two 48" pipelines from Victory Road to Steinegul Road. He recommended approve plans and specification and authorize staff to call for bids. Motion by Director Schulz, seconded by Director DeGroot, and unanimously carried, to approve plans and specifications and authorize a call for bids.

Consider request by Alfred Schimmel to acquire property interests of District in conjunction with a proposed parcel split on Henry Road, Escalon. Bologna said we have been working with Mr. Schimmel for a couple of years. He said we came up with a cost for him to buy 1.34 acres from a comparable sale in January of 15 + acres of \$57,247.00.

DeGroot asked about an appraisal. Bologna said he asked Mr. Schimmel to get an appraisal, but he has failed to do so, thus he used the comp. After discussion, it was moved by Director Schulz, seconded by Director Kuil to approve the sale as recommended by Engineering Department Supervisor Bologna.

Motion failed by the following vote:

Ayes:	Schulz	Kuil
Noes:	DeGroot	
Absent:	Kamper	Roos

The Board asked that the matter be brought back to them at the next meeting when a full Board is present.

Consider awarding bid to Hertz Equipment for a total cost of \$21,323.73 for replacement of the Eagle Man Lift and consider adoption of Resolution No. 06-10-V, Stroud told the Board we bought the current lift 15 years ago for \$15,000. It no longer does the job we need and needs some costly work. We got three bids for the new lift, with Hertz being the low bid. He recommended buying the new lift from Hertz. Kuil said he talked to Ray Simons, Shop Supervisor, and Frank Avila who uses the lift most, and after hearing their reasons recommends approval to buy the lift from Hertz and to adopt Resolution No. 06-10-V as recommended.

**RESOLUTION NO 06-010-V
AUTHORIZING THE 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 Eagle Aerial Lift for sale listed below;

District ID#
T-8

Serial #
4F6L12614PAO17776

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

WHEREAS, the District finds, the following value is a fair consideration for said property;

Fair Martket Value
\$1,500 - \$2,000

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Assistant General Manager of the District is authorized to sell said property to whoever presents the highest cash offer.

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 on this 25th day of July 2006 by the following roll call vote:

Ayes:	DeGroot	Schulz	Kuil
Noes:	None		
Absent:	Kamper	Roos	

Consider authorizing staff to contract with Machado, Inc. and Masellis Drilling, Inc., to drill and install three solar wells in accordance with the District’s contract with the Borba family. Emrick told the Board we agreed to install the wells for watering the Borba family stock as a part of the mitigation for fencing the District’s canal through their property. Borba’s will be responsible for maintenance after installation. Cost is \$18,397.10 each, plus the cost of fencing and concrete pad under the tanks. Emrick recommended approval. Motion by Director DeGroot, seconded by Director Schulz, and unanimously carried, to approve the agreement and authorize execution of same as recommended.

Manager’s reports:

Stroud reported the following:

Jerry German, Division Manager on Division 8 is officially retiring on August 1, 2006 after 21 years of service.

Relative to Liability & Property Damage Insurance our Broker, Dave Ward of InterWest Insurance Services informed us that the current carrier Rural Special Districts Insurance (RSDI) and Special Districts Management Association (SDRMA) have the best renewal coverage and pricing. Last year we received quotes from both, pricing was similar. The major difference is SDRMA is a pool that is subject to additional assessments should the pool encounter adverse experience. RSDI is insurance – it is a guaranteed cost program, meaning you never pay more than is initially agreed to. Both programs are interested in writing SSJID. RSDI has offered a 10% reduction in premium in return for the District direction not to go through a bidding process. Mr. Ward recommends we consider accepting this offer for the following reasons: 1. 10% off last years pricing is excellent. 2. It is not always in the client’s best interest to shop every year to the same markets

because after a while the insurance companies figure that there is not a good chance and so do not fight as hard or refuse to quote at all. 3. Both programs are very close in scope of coverage. 4. No need to go into a pool if you do not have to. After discussion, the Board felt the full Board should be here for this decision.

With the high temperatures, we are diverting for irrigation in excess of 600 cfs.

Handed out an update from Doug Johnson to the Board members. Said Mr. Johnson will be here on August 8, 2006 to meet with the Board.

Relative to washing of District cars, the deal we got a few months ago, \$25.00 per month per car will end at the August 31, 2006. We are looking at other options.

Vice President Kuil asked for Directors comments:

Schulz said the crews did a great job on the MDC break on Sunday, July 16, 2006. He said water was not called out completely thanks to the quick reaction of MDC Operator, Rick Hinkley and Telemetry Supervisor, Frank Avila. Repairs were made quickly thanks to Operations Supervisor, Ron Morrow, Maintenance Supervisor, Joe Catanzarite, and maintenance personnel, Tim Woods, John Briggs, Ron Gee, and Ron Strmiska, Jr.

Shields reported the following:

California had 56,000 MW available, used 50,500 yesterday. Peak pricing was \$399 MWH. Average today is \$345 MWH. For the month of July, the average is approximately \$100.

On June 26, 2006, PG&E filed for another rate increase. This will bring PG&E's total requested increase for 2007 to 25.5% for agriculture customers and 12.2% for residential.

PG&E sent letters to many local farmers this week announcing the Company is going to take away ag rates and shift those farmers to commercial rates for any use not directly related to ag production. Any ag related processing or packaging would be shifted off the ag rate.

The automated metering program for PG&E was approved and will result in another 1% rate increase.

At LAFCO's meeting last Friday, they did not adopt the minutes of the meeting where they rejected our application, and they did not pass the resolution.

The District intervened into the Phase 1 rate increase. We objected to PG&E's use of ratepayer money to stop SSJID from getting into the retail power business. Shields said that PG&E has stated that the shareholders and not ratepayers are paying for the campaign to stop SSJID. He said that PG&E does not ask shareholders to fund these activities and there is not an account where shareholder money is drawn from for this purpose. However, if it is true then the lines are much clearer, PG&E shareholders against local electric consumers.

Vice President Kuil called for closed session. General Counsel Emrick announced the Board would discuss all the following in closed session:

Conference with legal counsel, relative to anticipated litigation, initiation of litigation, Gov. Code, S. 54956.9 (c). Two cases.

Conference with legal counsel, relative to anticipated litigation, significant exposure to litigation. Gov. Code, S. 54956.9. One case.

Conference with legal counsel, existing litigation. Gov. Code, S. 54956.9. Delta Keeper v SSJID.

There being no further business to come before the Board, it was moved by Director DeGroot, seconded by Director Schulz, to adjourn to August 8, 2006 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary