

Manteca, California
August 14, 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, Engineering Department Manager Sam Bologna, and Betty Garcia, Executive Secretary.

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 \$909,882.82 and payroll in the amount of \$374,357.41
- B. Approval of Board Meeting Minutes of July 24, 2012
- C. Approval of the Proposition 218 Public Hearing Minutes of July 31, 2012
- D. Approval of Form of Resolution #12-12-B for Volumetric Charge Adopted on July 31, 2012
- E. Raise and Modify Vault at Escalon Bellota & Mariposa Roads for an estimated cost of \$13,650.
- F. Approval of service abandonment agreement for Justin Stapleton, APN 197-020-29

There were several corrections to the minutes of July 24 as follows:

- Page 3, Director Holmes said “install sumps” should be “install turnouts” and further down the page, he indicated the word “pumps” should be changed to “meters” are SCADA ready.
- Page 6, Troylene Sayler said the Manteca Sportsman will be held on August 18, not August 14.
- Page 5, Ms. Sayler said the Agape Village Golf Tournament is hosted by Agape Village and not the Ripon Chamber of Commerce.

- Page 5, Director Holbrook said the BDCP plans to build pipelines to take water south. Also, the UOP will be hosting a meeting on the financial and beneficial costs of constructing facilities to take water south.
- Page 5, Director Roos said it was the California Farmer editorial and not the Modesto Bee.

The following changes need to be added to the minutes of July 31 as follows:

- Page 6, Director Holbrook said without borrowing a cent “from the government” should be added.
- Page 5, Director Kuil stated it was not a Diesel pump he had bought but rather Diesel “fuel”.
- Page 5, Director Kuil noted the statement that he was unsure if he supports the \$3 per acre-foot charge, should read “he does not support” the charge.
- Page 5, Director Kuil said to add the “District forgave water charges for two years to its customers.

A motion was made by Director Kuil and seconded by Director Roos to approve the consent calendar items with the corrections to the minutes as stated above.

PASSED AND ADOPTED on this 14th day of August 2012, by the following roll call vote:

Ayes: Holbrook, Holmes, Kamper, Kuil, Roos

Absent: None

ACTION CALENDAR

Item #1 - Update on Division 9 Project

Mr. Kotey said the website will now show customers how much water is in the pond and how fast it is flowing. This will keep customers informed on the project’s activities. Mr. Shields asked if the water level in the pond could be increased. Mr. Shaw said no because it will run back into the V-line. Mr. Avila suggested adding more water would put pressure onto the lines.

Mr. Shaw indicated the ditch tenders now have the ability to view water levels on their laptops which will be helpful for planning. He said the first operations meeting was held and a task list was created which serves as a living document to define responsibilities and better assess staffing needs to complete the tasks, emergency protocols, and other operational issues. He is creating a list of turnout areas where vaults are getting flooded. He said the challenge is to ensure easements are protected. Mr. O’Leary added a temporary radio and Mr. Avila would like to have more permanent back up radios.

Mr. Shaw noted that no employees should enter the vaults alone. They should always be with a partner. There was discussion regarding the irrigation off season and it was suggested that it is best to leave the pumps on so the bearings can stay lubricated. Mr. Bologna suggested enhancements that will keep the system going during off season. Director Holbrook asked staff to review this item and bring it back to the Board at a later date.

Mr. Kotey stated there are new customers and farmers who would like to tie in to the Division 9 program. He said the District needs to find reputable contractors to install the equipment for them to participate in the program. No action was taken on this item.

Item #2 – Accept Completion of Division 9 Project, Approve Knife River Settlement Agreement, and Authorize Recordation of Notice of Completion

Mr. Jeff Shields stated that Knife River has taken the position that the work is done with the Division 9 project. He said the District is holding \$1.4 million until all of the issues are finalized. Mr. Shields recommends issuing the Notice of Completion and begin the warranty agreement. Director Holbrook stated if Knife River does not resolve the remaining punch list items, then perhaps the District could hire another contractor to repair the items with the final payment that is being withheld.

A motion was made by Director Roos and seconded by Director Kamper to accept staff's recommendation as follows:

- Accept the project as complete and authorize staff to record a Notice of Completion.
- Continue to work with Knife River to resolve remaining defective construction issues.
- Notify Knife River before issuance of final payment for the basis for any funds to be withheld from final payment, in accordance with the contract.
- To make final payment of the retention to Knife River, subject to the withholding of funds for known defective construction items and for any other purposes permitted by the contract.

Motion passed unanimously.

Director Kamper asked the Board to consider item #4 as there was a gentleman in the audience here to discuss this item.

Item #4 – General Discussion of District's Irrigation Service Abandonment policy requiring returning customers to be subject to cutoff in years of water shortage.

Mr. Shields stated the Board had previously approved a provision in the Service Abandonment policy specifically for times of water shortage, commonly referred to as the "Tier II" provision. Mr. David Phippen, a representative from the Ripon Unified School District, asked what steps a property owner in Tier II must take in order to get the same water rights as Tier I water users. The Board explained the District's Irrigation Service Abandonment Policy and the importance of staying on as a District water user. Director Holbrook stated it is fair to those customers who have stayed with the District to protect their water rights. He said the policy puts responsibility on the user so that they do not jump in and out of the District. Mr. Phippen said it could be beneficial to the District to have customers pay punitive damages to get back in to Tier I. Director Kuil stated it is a benefit for Tier I customers to get the water for their crops. He also said having the two Tiers inspires customers to stay in the District and there must be criteria or people will jump in and out of the District.

After a lengthy discussion, Director Holbrook asked staff to meet with the Water Committee to review and bring back a recommendation at a future meeting.

Item #3 – Appointment of District representatives to the Joint Powers Insurance Authority (JPIA) Board of Directors

Mr. Thornburg informed the Board that the newly created ACWA/JPIA agreement states that its authority shall be governed by a Board consisting of representatives of each member, selected from and appointed by that member's Board of Directors.

Director Holbrook appointed Director Roos as the District's representative and Don Thornburg as the alternate to the Joint Powers Insurance Authority.

Item #5 – Approval to purchase John Deere wheel loader and motor grader

Mr. Joe Catanzarite, Mr. Ron Strmiska, Jr. and Mr. Ron Gee addressed the Board. They explained the John Deere equipment is the recommended equipment to purchase and that is more user friendly for the operators. Director Holbrook asked how long this type of equipment lasts and Mr. Catanzarite stated this one is 40 years old. Director Roos said it was a lot of money to spend.

A motion was made by Director Kuil and seconded by Director Kamper to purchase the Pape Machinery, John Deere, 444K loader in the amount of \$151,700.04 and the John Deere 670GP in the amount of \$253,022.44. Motion passed 4 to 1 with Director Roos casting a no vote.

Item #6 – Compensation adjustment for General Counsel after closed session

After closed session, the Board returned to this item. A motion was made by Director Kuil and seconded by Director Roos to increase the yearly salary of General Counsel by \$7000, retroactive to July 1. Motion passed unanimously.

Item #7 – Communications

Director Kamper

- He and Director Holbrook went down to the elections office and their Board positions are not being opposed.

Director Holmes

- Attended Tri-Dam meeting in Oakdale on August 6 with Director Kuil; addressed the issues of a potable well for cottages at Tulloch; Request for Proposal for electricity; Beardsley Recreation Forest Service campground and boat ramp.
- In August there is an audit scheduled by Western Electricity Coordinating Council and North American Electric Reliability Corp (WECC/NERC). A specialized consultant is also being utilized to assist in preparation of the audit.

- Mercury contamination found in the fatty tissue of fish at New Melones, Tulloch and Woodward Reservoirs.
- Beardsley Power House closing down for routine maintenance of the Sand Bar Project GMR upgrade. TriDam is seeking purchase authorization of the design, engineering, and relay setting upgrade at a cost of \$39,450.

Director Roos

- Lloyd Van Dyken reported too many straws in pipeline; did not get a full head of water and took too long to irrigate.
- He noticed on Fig and Oleander the property looked extremely dry.
- PG&E is being charged too much by the Forest Service at Pine Crest.

Director Holbrook

- He needs to attend CSDA Conference that will conflict with SSJID's September Board meeting when Don Glaser will attend. Mr. Thornburg said the District will receive approximately \$4000 discount in Workers Compensation and Liability for each attendee.
- Advisory Water Commission Board meeting for August 15 was canceled.
- Sacramento County opposing Bay Delta Conservation Plan (BDCP) to transport water to Southern California. They say this will affect 100,000 acres of habitat restoration/creation in the Delta without adequate assurances and protections for the County. Dr. David Sunding conducted a study regarding the benefits for the BDCP and stated that Dr. Michael's analysis research was incorrect.
- California Water Impact Network press release states the cost of water for Santa Barbara County are too high, low reliability, we cannot afford a peripheral canal. Residents of Los Angeles will pay for the water of which 70% will go to agriculture; yet AG will only pay 30% of the costs.
- He thanked the Equipment Committee for their report.

President Holbrook asked for Managers Reports.

Bill Hubkey, Water Treatment Plant Manager

- General Manager and District staff met with the City Engineer of Lathrop and representatives from River Island development to discuss activating their service tap on a small scale basis.
- Plant staff has provided a written response to all the questions from CDPH's annual inspection.
- ELAP will be conducting their annual inspection of the lab and its procedures today.
- Staff will have a scheduled plant shut down tomorrow to install the new screw compressor and make other repairs that cannot be done while the plant is in operation.

Don Battles, Utility Systems Director

- Retention Basin work is complete. The work was performed by Ron Strmiska's crew. He thanked Joe Catanzarite for doing the job in-house and did a lot of work that should have been done by Knife River.

Bere Lindley, Finance/Administration Manager

- Reviewed Division 9 Project Revenues & Power Cost for the 2012 Irrigation Season. He said the billings and collection of those monies are up to date through July. He stated there is a problem with faulty meter readings and staff has to send information to Jeff Shaw for him to correct.
- He provided information on (OPEB) Other Post-Employment Benefit programs stating there is almost \$2 million of liability; the assets are \$1.9 million, leaving approximately \$55,000 unfunded.
- Tri-Dam topic – The three CFOs from Tri-Dam, OID, and SSJID were assigned the task of developing formula for repayment of the Tri-Dam Project maintenance reserve, at the July Tri-Dam board meeting. The three CFOs agreed on a number of important principles including the determination of “available funds.” The most difficult issue will be to agree on how to divide available funds between repayment of the maintenance reserve and distributions to the districts. Need to complete a plan by January 2013 because that is when the next distribution is due from the Project.

Troylene Saylor, Communications

- Escalon Chamber Golf Tourney at Escalon on Saturday, August 25.
- A Night Among Heroes Police Officers Ball at Manteca Senior Center on September 8.
- BIA Salute to Policy Makers Reception on September 10.
- Agape Foster Agency Fairways for Foster Kids on September 21.
- Give Every Child a Chance Casino Night on September 29.
- Manteca Chamber Coffee at SSJID on October 3.
- Manteca Pumpkin Festival on October 6 – 7.
- Ripon Main Street Day on October 20.
- Manteca Senior Center Breakfast on November 17. We need Board and spouses to greet/cook/serve.
- Boys & Girls Club Steak & Burger Night for Telethon on November 18.
- Boys & Girls Club Telethon, November 19 – 20.
- Jenna Thomas, Intern, last day to work on Thursday, August 16. She thanked her for her hard work.
- San Joaquin Housing Authority Tourney on September 24.

Sam Bologna, Engineering

- Introduced new employee, Keith Sausedo from Ripon.
- Conservation Program has received 162 applications; \$1,103,981 in funds applied for and \$504,281 paid out.

Jeff Shields, General Manager

- SSJID was asked to consider membership in the San Joaquin Groundwater Banking Authority. SSJID is the only District in the County that is not a member of the SJGBA.
- District received two responses from eight RFP solicitations for the Ag Water Management Plan. The prices are within the estimates and the proposals will be reviewed and a recommendation to hire a consultant at the next Board meeting.

- BIA Salute to Policy Makers on Monday, September 10, 2012 at 5:30 p.m. at the Brookside Country Club
- District is on track to put as much as 80,000 AF into the New Melones conservation account. The Bureau canceled the meeting that was scheduled for Monday with OID and SSJID to account for water released last year. They are waiting for Tri-Dam to provide exact numbers for diversions by OID and SSJID for the 2011 water year. The Bureau will apply strict compliance with the language of the 1988 Agreement using actual inflow numbers as opposed to April projections. The Bureau states they estimate the “total accumulated calculated inflow” to New Melones will be approximately 601 TAF for water year 2012.
- Renewed the District’s membership with San Joaquin County Farm Bureau.
- Attended the SJTA Commissioners meeting with Director Roos in Turlock on July 30. Commissioners authorized hiring Art Baggett to facilitate the settlement discussions concerning the San Joaquin River fish and flow issues. Jeff and Steve Emrick met with Mr. Baggett last week to discuss his charge and a list of policy issues he is drafting for the settlement discussions.
- Distributed a draft letter in response to the most recent proposed Stanislaus County Groundwater Ordinance. The County is being pressed by the Stanislaus County Farm Bureau to adopt language that will derail the MID/SF water transfer.
- Received Notice of Completion for the Tulloch third unit. This is good news because the power market at NP-15 is trading above \$73.50 this week and with REC values the District will be getting near \$100/MWH for the energy from Beardsley and Tulloch. The third unit still has not been registered with WREGIS and neither has the additional capacity of Donnells.
- The Delta Watermaster issued a Notice of Violation to the Bureau of Reclamation for failure to meet the D-1641 flow requirement. He distributed a handout of the Bureau’s response.
- Jeff to give testimony at the CPUC hearing on Friday, August 24 in the Long-Term Power Procurement (LTPP) case. The District intervened saying we should not be required to pay for long-term resource adequacy (RA) as a departing load charge. SCE moved to have our arguments dismissed as they are not on point. We agreed as long as the CPUC does not impose charges on us. PG&E said no and reserved one hour to cross examine him.
- The CPUC is considering a proposal from PG&E and Edison to collect \$150 million for a five year program called “21st Century” in collaboration with Lawrence Livermore National Laboratory. The plan has no specific projects identified and no “benefits” to the rate payers are identified.
- Ron Morrow is at Oak Valley Hospital in Room 205.
- Modesto Chamber of Commerce is hosting a lunch with U.S. Senator Dianne Feinstein on Wednesday, August 29 at 11:30 a.m. at the DoubleTree Hotel in Modesto.
- He shared a picture of the truck donated to S.H.A.R.P. (Seniors Helping Area Residents and Police) for Graffiti Abatement.
- Pressure testing being done today for District building to connect to City water lines.

General Counsel announced the Board would be discussing all items under Closed Session:

ITEM #8 – CLOSED SESSION

- 8. a. CONFERENCE WITH LEGAL COUNSEL-Anticipated Litigation
Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9
- 1 case

- b. CONFERENCE WITH LEGAL COUNSEL- Anticipated Litigation
Significant Exposure to Litigation pursuant to subdivision (b) of Section 54956.9
- 2 Cases
- Various water quality proceedings before State Water Resources Control Board—Delta Flow Criteria, San Joaquin River Flow Objectives

- c. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Government Code section 54956.8
Property: Water
Negotiating Parties: District and City of Tracy
District Negotiator: General Manager
Under Negotiation: Price and Terms of Payment

- d. PUBLIC EMPLOYMENT PERFORMANCE EVALUATION
Government Code Section 54957
General Counsel

Upon returning from closed session, it was announced that no reportable action was taken in closed session.

ITEM #9 - ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Kamper and seconded by Director Holmes and unanimously agreed to adjourn the meeting. Motion passed unanimously.

ATTEST: _____
Betty Garcia, Executive Secretary