

Manteca, California  
September 11, 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 Kuil led the flag salute. Director Holbrook asked that we all take a moment of silence in memory of those who were lost in the tragic event of 911.

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 and Payroll in the amount of \$819,823.90.
- B. Approval of Board Meeting Minutes of August 28, 2012.
- C. Investment Report for August 31, 2012.

Ms. Garcia noted on page 2 of the minutes, Mr. Scheel should be changed to reflect Mr. Jeff Shields.

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

PASSED AND ADOPTED on this 11<sup>th</sup> day of September 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. Jeff Shaw addressed the Board with a brief update of the operations of the Division 9 project. He said he is working with staff regarding the guidelines for the pressurized system. He is creating an organization chart that will indicate direct reports and the role of each person

including the tasks that person will be responsible for. He stated most of the responsibility lies in the control room. Once the organizational chart is complete, he will establish the time intervals. Mr. Shaw is also creating emergency reporting procedures. He has also been reviewing the data records and is working on a report for the Bureau of Reclamation for the \$1 million grant and the report will include the total number of acres in the program, the number of customers using the pressurized system, and the amount of water being delivered to farmers. He indicated that he had presented this item to the Rotary Club last week and the next presentation will be to the Bureau of Reclamation.

Mr. Shaw is working with staff regarding the off season plans for Division 9. Director Holbrook asked if the AG Advisory group had met with him regarding the shut down and winter maintenance issues and suggested the committee meet with Mr. Shaw and SSJID staff and report back to the Board.

**Item #2 – Approval for SSJID to file Second Supplement to Application to LAFCo to provide retail electric**

Mr. Emrick stated the District filed an application with LAFCo in September 2009 for authorization to provide retail electric service. A supplement was approved by the Board and filed with LAFCo in September 2010 to address the PA Consulting Group’s May 2010 report. One of the reasons to file this second supplement is for the District to commit to provide the same amount of revenue to the Cities of Manteca, Escalon, and Ripon and San Joaquin County through franchise fees and property taxes.

A motion was made by Director Holmes and seconded by Director Kamper to approve Resolution #12-13-E and Resolution #12-14-E. Motion passed unanimously.

**RESOLUTION NO 12-13-E  
RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT  
TO NEGOTIATE AGREEMENTS WITH MANTECA, ESCALON, RIPON AND SAN  
JOAQUIN COUNTY  
AMENDING AND RESTATING RESOLUTION 06-06-E**

WHEREAS, South San Joaquin Irrigation District (“District”) is considering whether to exercise its legal authority under Water Code section 22115 to provide retail electric service by acquiring existing electric distribution facilities owned and operated by Pacific Gas & Electric Company, and

WHEREAS, the District’s purpose in providing retail electric service include investing its capital, and a portion of future Tri-Dam revenues if necessary, to acquire, own and operate the electric distribution system in the area in order to lower the costs of providing electric service and lower retail electric rates, which will provide long-term stimulus to and economic growth in the local economy; transferring responsibility and accountability for local electric resource policies and practices within SSJID’s existing territory from PG&E to locally elected public officials accountable to voters in the communities SSJID serves; and increasing local influence over and accessibility to retail electric customer service, and increasing local influence over energy resource policies, while at the same time not causing the cities within the District or the

County of San Joaquin to experience reduced revenue from loss of franchise fees or property taxes that may currently be paid by Pacific Gas & Electric Company on account of its ownership and operation of electric distribution facilities, and

WHEREAS, many of the electric distribution facilities needed to provide retail electric service within the District are located in streets, roads, highways and other public rights of way built, repaired and maintained by San Joaquin County and within the Cities of Manteca, Escalon and Ripon, and

WHEREAS, the District will require additional fire protection, police services and other public health and safety services from San Joaquin County and the Cities of Manteca, Escalon and Ripon as a result of expanding the services it provides to include retail electric service, and

WHEREAS, it is in the public's interest for the District to ensure that neither San Joaquin County nor the Cities of Manteca, Escalon and Ripon suffer a reduction in revenues, including revenues required to properly construct, repair and maintain streets, roads, highways and other public rights of way or to provide fire protection, police services and other public health and safety services as a result of the District providing retail electric service, and

WHEREAS, it is in the public's interest for the District to ensure in its permission agreements with the Cities of Manteca, Escalon and Ripon under Water Code section 22476, that the Cities receive the same amount of revenue, including revenue necessary for fire protection, police services and other public health and safety services and for the use of streets and roads within the Cities, that they currently receive through franchise fees from Pacific Gas & Electric Company on account of its ownership and operation of electric distribution facilities, and

WHEREAS, it is in the public's interest for the District to ensure through agreement with the County that the County will receive the same amount of revenue, including revenue necessary for fire protection, police services and other public health and safety services and for use of streets, roads highways and other public rights of way within the County, as it currently receives through franchise fees and property taxes on account of Pacific Gas & Electric Company's ownership and operation of electric distribution facilities service located within County, and

NOW THEREFORE, BE IT RESOLVED that:

1. The District is committed to providing the same amount of revenue to the Cities of Manteca, Escalon and Ripon, if the District acquires electric distribution facilities owned and operated by Pacific Gas & Electric Company, as they currently receive through franchise fees on account of Pacific Gas & Electric Company's ownership and operation of such facilities.
2. The District is committed to providing the same amount of revenue to San Joaquin County, if the District acquires electric distribution facilities owned and operated by Pacific Gas & Electric Company, as the County currently receives through franchise fees and property taxes on account of Pacific Gas & Electric Company's ownership and operation of such facilities.

- District staff is directed to meet with officials of Manteca, Escalon and Ripon and the County of San Joaquin to negotiate agreements to assure the District's right to use public rights of way necessary to provide retail electric service and to accomplish the foregoing objectives, for the Board's further action.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

PASSED AND ADOPTED this 11th day of September, 2012, by the following roll call vote:

Ayes: HOLBROOK, HOLMES, KAMPER, KUIL, ROOS  
Noes: NONE  
Absent: NONE

The undersigned Secretary of South San Joaquin Irrigation District certifies that the foregoing Resolution was adopted by the Board of Directors at a meeting held on September 11, 2012

Dated: September 12, 2012

By \_\_\_\_\_  
Jeff Shields, Secretary

### **RESOLUTION NO. 12-14-E**

#### **RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT TO FILE SECOND SUPPLEMENT TO APPLICATION TO LOCAL AGENCY FORMATION COMMISSION TO PROVIDE RETAIL ELECTRIC SERVICE**

WHEREAS, South San Joaquin Irrigation District ("District") is authorized by Water Code section 22115 to provide for the acquisition, transmission and distribution of electric power, and

WHEREAS, the District filed an application with San Joaquin Local Agency Formation Commission ("LAFCO") on September 3, 2009, to provide retail electric service, and

WHEREAS, the District filed a supplement to the application with LAFCO on September 14, 2010, to address issues raised by a report prepared for LAFCO by PA Consulting Group in May, 2010, and

WHEREAS, the District has prepared a second supplement to address issues raised by a second report prepared for LAFCO by PA Consulting Group in February, 2011, and to amend other parts of the application,

WHEREAS, the project objectives set forth in the District's application fail to recognize that an essential element that is implicit in the District's Plan has not been specifically set forth in the stated project objectives. The District's Plan is essentially to make a long term investment in the future of the communities it serves. Under its Plan, the District will invest capital, and a portion of revenue received from Tri-Dam and Tri-Dam Power Authority, if necessary, in acquiring, owning and operating the electric distribution system in the area in order to provide full retail electric service. Over time, the ownership of these distribution assets will pay dividends to the District, and the local communities and ratepayers it serves, in the form of lower costs of

providing electric service and lower retail electricity rates. This in turn, will provide long-term stimulus to and economic growth in the local economy.

NOW THEREFORE, BE IT RESOLVED that:

1. The District's project objectives are amended to include the objectives described in the Recitals above, and
2. The District's General Manager is authorized to file a second supplement to its Application and first supplement previously filed with LAFCO, and
3. Its General Manager is further authorized to provide such additional information as may be reasonably requested by LAFCO and to pay the appropriate administrative fees to file and process the second supplement.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

PASSED AND ADOPTED this 11<sup>th</sup> day of September, 2012 by the following roll call vote:

Ayes:	HOLBROOK, HOLMES, KAMPER, KUIL, ROOS
Noes:	NONE
Absent:	NONE

The undersigned Secretary of South San Joaquin Irrigation District certifies that the foregoing Resolution was adopted by the Board of Directors at a special meeting held on September 11, 2012.

Dated: September 12, 2012

By \_\_\_\_\_  
Jeff Shields, secretary

**Item #3 – Request for Budget Increase for Mintier Harnish Consulting to work on MSR.**

Mr. Don Battles stated he has been working with Mr. Jim Glaser and there are substantial funds budgeted in this account for consultant fees. He said Mintier Harnish will work with SSJID and LAFCo to address comments during the public review process and to prepare updates and revisions to the Sphere Plan/MSR.

A motion was made by Director Roos and seconded by Director Holmes to approve an increase in the budget for Mintier Harnish to complete the work on Sphere Plan/MSR in the amount of approximately \$33,000. Motion passed unanimously.

**Item #4 – Authorization to renew Excess and Quake Insurance**

Mr. David Ward from Interwest Insurance Services addressed the Board. He stated that he works with the District to ensure they carry the appropriate amounts of insurance. He said the insurance with SDRMA has a renewal date of October 1 and is currently out of compliance.

A motion was made by Director Kuil and seconded by Director Roos to approve the short-term insurance coverages through July 1, 2013 which include Earthquake & ESQ, Flood Limit-Excess Floor and SDRMA in the amount of \$87,141.79. Motion passed unanimously.

**Item #5 – Request from Raymus Homes to modify terms of the June 12<sup>th</sup> Board Action regarding an agreement entitled “Second Amendment to Developer’s Agreement” for the Oleander Estates Development project**

Mr. Jeff Shields stated that Mr. Emrick and Mr. Bologna have been working with Raymus Homes on the changes to their developer’s agreement. Director Kamper asked what happens if the District does not approve this agreement. Mr. Shields stated we currently have an agreement and if we do not accept this agreement, then Raymus Homes will have to pay the District immediately what they currently owe us. Mr. Emrick advised the Board that approving this agreement does not forgive the loan but reduces the interest and extends the length of the loan. Director Holbrook stated that Raymus Homes does not own this land and the City of Manteca is also making concessions with them.

A motion was made by Director Kuil and seconded by Director Holmes to modify the terms of the existing agreement with Raymus Homes as follows:

- Interest payments will continue to accrue but will not be due until the end of term on June 1, 2017
- The debt will be repaid as they sell homes one at a time with minimum payment in the amount of \$1500 per house, with a balloon payment at the end of five (5) years. An irrevocable instruction with the Title Company will be made to ensure that payment is made from the proceeds as a condition to the close of the sale of each separate parcel.
- A Notice of Lien and performance Deed of Trust will not be required.
- A provision will be added that will allow Raymus Homes to assign their obligation to another developer if they sell any portion of the real property to a third party for development or resale purposes. The sale will be conditioned on the new owner entering into an agreement with District in which the new owner agrees to perform and be bound by the same payment and irrevocable instruction provisions.
- All unpaid principal and interest, including that which is the subject of land transferred to third parties, is due and payable June 1, 2017.

Motion passed 4 to 1 with Director Kamper casting a no vote.

**Item #6 – Evaluation of On-Farm Conservation Program**

Mr. Sam Bologna informed the Board that Davids Engineering was asked to perform an analysis of the program and conduct a survey of the participants in the program. The survey results overall were positive and those participating in the program are pleased with the program design and implementation. Some have provided suggestions to improve the program. The projected savings of water was approximately 2700 acre-feet.

Mr. Julie Vrieling stated the District received a lot of great and positive feedback from the farmers who stated it is helpful for them to schedule their own water. Mr. Bologna and Ms. Vrieling will be meeting with the Ag Committee to discuss the program for next year and bring back recommendations and seek direction from the Board.

There was no action taken on this item.

**Item #7 – Approve amendment to the Irrigation Service Abandonment Agreement for Sher Azia, APN 177-470-06**

Mr. Sam Bologna addressed the Board stating the property owner has many improvements to make before the property can take water.

A motion was made by Director Kamper and seconded by Director Kuil to accept the Amendment to the Irrigation Service Abandonment Agreement as long as all of the conditions that staff recommends are satisfied. Motion passed unanimously.

**Item #8 – Approve amendment to the Irrigation Service Abandonment Agreement for Santana Ventures, APN 177-500-21**

Mr. Sam Bologna presented this item stating this property has not taken District water in the past. The owner wishes to run a sprinkler line across neighbor's property which would require his permission.

A motion was made by Director Roos and seconded by Director Kamper to deny the approval of this Amendment to the Irrigation Service Abandonment Agreement. Motion failed 2 to 3 with Directors Holbrook, Holmes, and Kuil casting no votes.

The Board asked that this item be revisited in two weeks with specifics to be determined if a meter is required and whether land will be sprinkled or flooded.

**Item #9 – Consider whether to use District Personnel to take minutes at next TriDam meeting at the request of Director Holbrook**

This item was briefly discussed stating that Oakdale Irrigation District assigned a member of their staff to take the minutes at the TriDam meeting including the closed session. The District needs to determine how the minutes will be completed and if the present way of transcribing the minutes will remain as they have always been.

No action was taken on this item.

**Item #10 – Consider approval of Warranty Settlement with First Solar for Phase 2 of Solar Project (This item was discussed in closed session)**

A motion was made by Director Kuil and seconded by Director Kamper to allow staff to accept First Solar's proposed cash settlement if Conergy acknowledges that its warranties remain in effective. Motion passed 4 to 1 with Director Roos casting a no vote.

## **Item #11 – Communications**

### Director Roos

- He mentioned Merlin Mohler covering up the box and putting cracks in the vault because he parked equipment on top of the vault.
- Stated the Dolphin Group submitted a small invoice last month.
- Attended the BIA Salute to Policy Makers reception with Bob, John, Jeff, and Troylene and said that Jeff did a good job with his presentation. He said the District received positive feedback on the flower centerpieces.

### Director Holmes

- He filled in for Dale Kuil at the TriDam committee meeting and that project initiatives and the minutes being taken by Oakdale were discussed. Said it was a good meeting.
- He thanked Troylene and Jeff for their participation at the BIA reception.

### Director Holbrook

- He attended the TriDam Advisory meeting and there was a discussion to establish an Adhoc committee to review and make a recommendation for approval of the proposals to market TriDam generation. Director Holmes suggested using a non-committee member on the Adhoc committee so that the Brown Act is not violated.
- He stated at the Hydrovision conference there was a stand alone unit for generating power.
- Complimented Jeff Shields for his speech at the BIA reception. Also complimented Dylan George from PG&E who attended the reception.
- Announced the invitation from East Bay MUD to their BBQ to be held at Pardee on October 5.
- Stated that Don Glaser with the Bureau of Reclamation will make a presentation at the next SSJID Board meeting on September 25.

President Holbrook asked for Managers Reports.

### Bill Hubkey, Water Treatment Plant Manager

- Plant staff has started with the third quarter acid cleans of the fibers. This is done to keep the warranty on the fibers.
- Plant staff has met with the City of Manteca to discuss the following: Finalize the design and specifications of the M-1 site; Look into the possibility of increasing the pumping capacity of the M-2 site; Finalize the design at the M-4 site.
- Plant staff is evaluating modules in preparation of the two new trains of V-4 modules arriving at the end of the month.
- All materials have been ordered for the log boom replacement.

### Bere Lindley, Finance & Administration

- He distributed revenues and power cost breakdown for Division 9 project.

- There was a mix up with the Modesto Irrigation District and SSJID did not receive any billings. Don Battles reviewed the bills and the revenues fell short. He said we were being billed for two meters and he believes there is only one meter.
- District is ready to issue Division 9 bills for August; Stantech will assist us with the bills.
- Large payments coming up, paying first debt service on 2012 bonds; will pay retainage monies due to Knife River.
- Ramping up for 2013 billing process
- Continuing disclosures

Troylene Saylor, Communications

- Agape Foster Agency Fairways for Foster Kids on September 21.

Sam Bologna, Engineering

- Conservation Program has received 167 applications; \$1,125,150 in funds applied for and \$556,446 paid out; there is \$14,850 in funds left for applications.

Jeff Shields, General Manager

- TriDam and SSJID Water Usage reports were distributed to Board.
- Coordinated Long-Term Operation BA-Project Description handout was distributed to Board for the East Side Division. This is the clearest description of issues involving how the Bureau operates New Melones and the impact on SSJID/OID/TriDam. Jeff was asked for comments on the project description as we enter discussions on the Remanded Stakeholder Process for CEQA/NEPA compliance at the CVP & SWP. This is the process the Bureau will use to comply with Judge Wanger's remand of the Biological Opinions the court rejected.
- SSJID, OID, and SEWD each have a seat at the table in this proceeding.
- East Bay MUD Pardee BBQ is Friday, October 5. He asked the Board members to contact Betty Garcia if they plan to attend.
- CMUA summary of key water and energy legislation from the end of the 2011-2012 legislative session. The bills that passed are waiting for approval or veto by the Governor.
- ACWA's 2012 Fall Conference registration is available. Pre-registration (by Nov. 16) will save \$230 per person.
- Don Glaser with the Bureau of Reclamation will be at the September 25<sup>th</sup> Board meeting.

General Counsel announced the Board would be discussing items 12 a & b under Closed Session:

**ITEM #12 – CLOSED SESSION**

12. a. CONFERENCE WITH LEGAL COUNSEL-Anticipated Litigation  
Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9  
- 2 cases

- b. CONFERENCE WITH LEGAL COUNSEL- Anticipated Litigation  
Significant Exposure to Litigation pursuant to subdivision (b) of Section 54956.9  
- 2 Cases

Upon returning from closed session, the action taken on item #10 was announced as stated.

**ITEM #13 - ADJOURNMENT**

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

ATTEST: \_\_\_\_\_  
Betty Garcia, Executive Secretary