

Manteca, California
September 28, 2004

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.

Upon roll call the following members were noted present:

DIRECTORS: DEGROOT KAMPER SCHULZ ROOS KUIL

Also present were Secretary/Manager Stroud, District Counsel Emrick, District Engineer Gilton, and Utility Systems Director Shields.

President Schulz asked for public comment. There being none he asked the Board to consider approving the Consent Calendar items as presented:

CONSENT CALENDAR

Director DeGroot asked that items C, D, and F be removed from the consent calendar and placed on the action calendar.

- A. Approve SSJID warrants of \$6,392,163.56.
- B. Approve Regular Adjourned Board Meeting Minutes of September 14, 2004
- E. Authorize Assistant General Manager Stein to execute letter to Chase Bank authorizing prepayment of the SSJID 1993 Certificate of Participation.

Motion by DeGroot, seconded by Kuil, to approve the consent calendar items as presented, with the exception of item A), hold check number 503336 to David Colli Farms in the amount of \$6,698.00.

PASSED AND ADOPTED this 28th day of September 2004 by the following roll call vote:

Ayes:	DeGroot	Kamper	Schulz	Roos	Kuil
Noes:	None				

Adopt Resolution 04-10-L, Adopting Salary Reduction Plan under Section 125 of the Internal Revenue Plan. Larry Daniels, of Accordia addressed the Board. He told them the \$500 the first year and the \$250 each year thereafter, plus a monthly cost of \$5 should easily be recouped by the District because it reduces the District's FICA contribution by 7.65% and the cost of Worker's Comp, which at this time is approximately 13.50% of 21.15%. He said employees could contribute for health insurance, prescription drugs, and over the counter drugs expenses. Additionally, employees can reduce their taxable income by up to \$5,000 for childcare. He said a possible problem is if an employee contributes \$25 per month, has a crown in the first month, is reimbursed and leaves employment at the District, the District would be out the difference. With the typically low employee turnover at the District, this should not be a problem. At the end of the year if an employee over estimates and doesn't use all the money in their account, it goes to the District and the District decides what to do with the extra money at that time. There are some IRS restrictions on what can be done with the leftover money. Mr. Daniels said the plan year is set to begin December 1, 2004. The maximum plan year participation is set at \$2,500 and the minimum at \$160 per year. Accordia is scheduled to make a presentation to all employees at Safety Day and will meet individually later if they have personal questions. After discussion the Board took the following action. Motion by Kuil, second by Roos, to adopt Resolution # 04-10-L with the following changes, Employees are to pay the \$5.00 per month charge for participating.

South San Joaquin Irrigation District RESOLUTION NO 04-10-L ADOPTING SALARY REDUCTION PLAN

WHEREAS, South San Joaquin Irrigation District (the District) desires to adopt a salary reduction plan (Plan) to allow its employees to deduct the cost of certain premium payments, health care and dependent care; and

WHEREAS, the Board of Directors finds that adoption of the Plan Document that has been submitted to the Board is in the best interests of the District and its employees.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the District hereby takes the following actions:

1. Adopts a Salary Reduction Plan under Section 125 of the Internal Revenue Plan.
2. Accepts the Plan Document;
3. That the plan is effective December 1, 2004.

The foregoing Resolution was duly adopted at a meeting of the Board of Directors of the South San Joaquin Irrigation District held on September 28, 2004, on the motion of Director Kuil, seconded by Director Kamper on the following roll call vote:

Ayes:	DeGroot	Kamper	Schulz	Roos	Kuil
Noes:	None				

Adopt Resolution 04-11-Q, Authorizing the Disposition of Property No Longer Necessary for District Purposes.

**SOUTH SAN JOAQUIN IRRIGATION DISTRICT
RESOLUTION 04-11-Q
AUTHORIZING THE DISPOSITION OF PROPERTY NO LONGER
NECESSARY FOR DISTRICT PURPOSES**

WHEREAS, the District may dispose of equipment it finds no longer necessary for District purposes; and

WHEREAS, determination has been made that the following equipment is no longer in working condition; and

WHEREAS, staff has removed from operations and replaced the Wayne shop compressor; and

WHEREAS, vehicle 255-03, a 2003 Chevrolet Silverado pickup was totaled in an accident and can be sold to a wrecking yard.

THEREFORE, BE IT RESOLVED that the District finds the equipment surplus and authorizes staff to properly dispose of the equipment.

PASSED AND ADOPTED this 28th day of September, 2004 by the following roll call vote:

AYES	DeGroot	Kamper	Schulz	Roos	Kuil
NOES	None				

Adopt Resolution 04-12-F, Resolution of SSJID Engaging and Underwriter and Financial Advisor and reconfirming engagement of Bond Counsel. The Board asked that a line be added to the Resolution: Fees are to be negotiated prior to issuance.

Motion by DeGroot, seconded by Kuil, to adopt Resolution No. 04-12-F.

RESOLUTION NO 04-12-F

**RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT
DISTRICT ENGAGING AN UNDERWRITER AND FINANCIAL ADVISOR
AND RECONFIRMING ENGAGEMENT OF BOND COUNSEL**

WHEREAS, South San Joaquin Irrigation District (the District) has previously appointed certain consultants with respect to the possible financing of certain electrical facilities (the Project) including bond counsel.

WHEREAS, District has determined to appoint a senior managing underwriter and a financial adviser in connection with the Project.

NOW THEREFORE, BE ITT RESOLVED, that Ken Martin of Public Finance Resources is hereby engaged as financial adviser with respect to the Project, Dave Houston of Citigroup Global Markets, Inc. as senior managing underwriter with respect to the Project and Doug Brown of Stradling Yocca Carlson & Rauth, a Professional Corporation, is reconfirmed as bond counsel with respect to the Project; and further, that compensation is subject to negotiation and Board approval before issuance of bonds.

BE IT FURTHER RESOLVED, that appointment of other financial consultants or underwriters by prior board action are hereby repealed;

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

PASSED AND ADOPTED this 28th day of September 2004 by the following roll call vote:

Ayes:	DeGroot	Kamper	Schulz	Roos	Kuil
Noes:	None				

Rescind recharge fees on Irrigation Service Abandonment Agreement # 1421, Valk, Robert & Maria, APN 261-020-10. Motion by Roos, seconded by Kamper, and unanimously carried, to approve rescinding ISAA #1421 effective for charges beginning in 2005.

Consider approving replacement of break room cabinets and counters. Motion by DeGroot, seconded by Kamper, and unanimously carried, to approve the replacement at a cost not to exceed \$5,500.00.

Consider authorizing the replacement of a network computer backup system. Robin Giuntoli, Finance Supervisor/Systems Administrator, told the Board our backup tape drive is not working and needs to be replaced. The current backup system has a capacity of 10/20 GB, we are currently using about 15 GB's. The recommended replacement is a 70/140 GB drive. Additionally, we are asking to replace the accounting package server, a budgeted item for 2004. The new tape drive will be installed on the old server, this will be the old servers only function. The total cost, including backup tapes, is \$8,232.82. Giuntoli recommended replacing the backup tape drive and accounting package server and acquire the services of Venegas, Littman and Associates, Inc. to perform the installation and data transfer which is included in the cost. Motion by Roos, seconded by Kuil, and unanimously carried, to authorize the purchase of a new server, new backup tape, and the services of Venegas Littman and Associates, Inc. as recommended by staff.

Discussion of the management strategy to be used during the final ten days of the water season. Ron Morrow, Operations/Water Superintendent, told the Board that without the flexibility of the sluice gate that was damaged at the outlet of Woodward Reservoir, we cannot operate as efficiently and more spills are unavoidable. We will have to spill significant quantities of water if the Board wants us to deliver water to as many users as possible before the end of the water season. It was the consensus of the Board that spills, as little as possible were necessary, were okay in order to provide adequate year-end service due to the damaged gate at Woodward Reservoir. Grouping deliveries, so water deliveries can be made efficiently is okay if the wait isn't more than a day or two. No action was taken.

Discussion and possible action concerning contract amendment with Geo-Matrix. Item was tabled until Grant Kreinberg is available.

Discussion and possible action concerning purchase of a portable air compressor. Stroud said we have three bids. West Coast Pneumatics \$11,744.75, Holt of California \$11,847.12, both have unit in stock. Also, United Rentals quote of \$11,637. However, delivery will be in 4-8 weeks. Rental of an air compressor is also an economical option, but would not have the convenience of ownership. Motion by Kamper to purchase the unit from United Rentals. Stroud said United Rentals is 4 to 8 weeks before delivery, we need one for Shot Crete prior to that and would have to rent, making the effective bid even higher. Motion by Kamper, seconded by Kuil, to purchase the compressor from West Coast Pneumatics for \$11,744.75. Motion carried, 4 Ayes, 1 No with Director DeGroot voting No.

Consider accepting proposal from Northern Digital, Inc., to provide remote operations and alarm functions for three sluice gates. Gilton said this will provide remote/local operation of two sluice gates on Lateral "Q" and one sluice gate on Lateral "Qg" which is part of the Northwest SIDE Project. Cost to do the work is \$43,800.00. Director Roos asked why this was not done when we did the Northwest SIDE. Gilton said that at the time it was not recommended by Dr. Burt. However, after seeing the operation, and the time it required for the Division Managers and Ditch tenders to open and close the gates he recommended we automate them to provide the same efficiency and service on the "Q" and "Qg" as we now have on the "R". Motion by Kamper, seconded by DeGroot, and unanimously carried, to accept the proposal from Northern Digital, Inc., at \$43,800.

Consider adopting Guidelines for Conduct Policy for the Board and an Expense Reimbursement Policy for the Board members and staff. Stroud recommended passing as presented. Director Roos indicated in the Conduct Policy under Section 12 that he felt Insurance coverage should be included. Motion by Kuil, seconded by DeGroot, and unanimously carried, to adopt the Expense Reimbursement Policy as presented, and the Conduct Policy with the addition of the following to Section 12, page 6, to the first sentence of the first paragraph, after "Section 21166.5(a)(2)(B)" and may participate in District group insurance and medical plans as provided in Water Code Section 21166.5."

Managers' Reports:

Stroud reported the following:

Directors DeGroot, Kamper, Roos, and Kuil will be attending the Fall ACWA Conference in Palm Springs.

Relative to Proposition 1A, which restricts State taking of money from local districts, Stroud asked the Board if they want to consider supporting 1A, he will put it on the agenda October 12,th. He said in 2005 and 2006 the state will be taking \$1,000,000 each year from the District. Passage of 1A will make it so the state can only take money in emergencies and will have to pay back the money in a specific period of time. The consensus was to put it on the agenda for discussion.

Reported a new employee, David Pauley, started two weeks ago in the Maintenance Department.

Directors Schulz and Roos have a meeting at 1:00 p.m today with PG&E.

Reported that Tri-Dam wants to schedule a meeting for October 14th at OID relative to power marketing. Needs to know if we can have a quorum? The Board members said that was fine.

District Safety Day will be held on October 18, 2004.

Reported that water flows have dropped off significantly since the rains on September 19th. As a result we will be slightly below the 300,000 acre-feet in diversions for this year.

Ag Waiver Coalition in San Joaquin County has signed up 77% of the acreage. Stroud met with the Regional Board and we are in compliance, but still have more information to submit.

Utility Systems Director reported the following:

MID Board has on their agenda today to consider serving the District's Domestic Water Treatment Plant on Dodds Road, below the Woodward Reservoir.

Shields and Emrick met with valuation experts yesterday.

Reported that the City of Ripon turned off streetlights because Prop 18 ballot failed. However, PG&E continues to bill the City standby charges, so they will have to turn off even more streetlights.

President Schulz asked for Directors reports:

Kuil said the Education Committee met, the following attended. Ralph Roos, Darin Thomasen, John Stein, Ron Morrow, Mark Chase, and Gerry German. It was reported that a landowner on the "B" Line kept gates closed across the District easement which required Division Managers to open and close two gates or go around. Kuil said he will look into this. The date of the next meeting has not been set.

Kamper asked about the box on Hugo Van Vliet's property on the "Bk" line. He said they raised it but it still leaks. Stein said he would inform Ron Morrow.

Grant Kreinberg arrived and President Schulz asked that the Board return to discussion on contract amendment with Geo-Matrix. Kreinberg said Geomatrix was hired to provide geotechnical support on excavation and reconstruction of the cut in Woodward Reservoir. He said due to Mitchell working 24 hours a day, their work load increased substantially because we requested they have an inspector there 24 hours a day instead of 8. Dam Safety requires continuous inspection for dam fill work. Costs increased \$111,130.00. He recommends amending the contract. The Board felt Black and Veatch or Mitchell Engineering should pay the difference, not the Cities. Emrick said we will attempt to get someone to pay based on who is responsible. Motion by DeGroot, seconded by Kamper, to approve the amendment as requested. Motion Carried, Ayes 3, Noes 2, with Directors Schulz and Roos voting No.

President Schulz called for closed session relative to litigation matters, personnel matters, and labor update as follows: General Counsel Emrick said the Board will discuss items a, b, and c in closed session.

- a) Conference with Legal Counsel, existing litigation, Gov Code, S. 54956.9.
Three Cases.
ChevronTexaco v. SSJID
CPUC Docket No. R04-04-003
SSJID v. Keith Haines
- b) Conference with legal counsel, re anticipated litigation, initiation of litigation.
Gov. Code, S. 54956.9 One Case.
- c) Conference with legal counsel, anticipated litigation, significant exposure to litigation. Gov. Code, S. 54956.9. Two Cases.

Upon returning from closed session General Counsel Emrick announced the following:

On a motion of Director DeGroot, seconded by Director Kamper, to enter into an agreement to settle the arbitration action filed by Chevron Energy Solutions, LP, against the District which requires that the District pay Chevron \$1,800,000.00. The vote was as follows:
Ayes: DeGroot, Kamper and Kuil
Noes: Schulz and Roos

Emrick also announced that approval was given to its legal counsel to initiate legal proceedings in conjunction with Alan Coon of Geiger, Rudquist, Nuss, Coon and Keen against Keith and Kimberly Haines regarding an easement dispute and further approve action already taken to date to initiate the case. The vote was unanimous.

There being no further business to come before the Board it was moved by Kuil, seconded by Kamper, and unanimously carried, to adjourn to October 12, 2004 at 9:00 a.m.

ATTEST:

John Stein, Assistant Secretary