

MINUTES

Oakdale, California
August 15, 2006

The Board of Directors of the Oakdale Irrigation District invited all to recite the Pledge of Allegiance and then met in Regular Session at the hour of 9:00 a.m. Upon roll call, there were present:

Directors: Steven A. Webb, President
Jack D. Alpers
Frank B. Clark
Tony Taro (Arrived at 9:05 a.m.)
Al Bairos, Jr.

Staff Present: Steve Knell, P.E., General Manager/Secretary
Gary Jernigan, Support Services Manager
Kevin King, Water Operations Manager
Bob Nielsen, Water Utilities Supervisor
Joe Fos, Engineering Technician

ADDITION OR DELETION OF AGENDA ITEMS

There were no additions or deletions of agenda items.

ACTION TO TAKE VARIOUS ITEMS OUT OF SEQUENCE

There were no items taken out of sequence

At the hour of 9:01 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

Patrick Thistle the Business Agent for Operating Engineers Local 3 introduced himself and gave the Board his background. Thereafter Mr. Thistle requested that he be allowed to put a statement on the record regarding the Perez matter.

Public Comment was closed at 9:11 a.m. and the Board Meeting continued.

CONSENT ITEMS
ITEM NOS. 2, 3, 4, 5, 6, 7, 8

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS'
MINUTES OF THE SPECIAL MEETING OF
JULY 25, 2006 AND REGULAR MEETING OF AUGUST 1, 2006

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the Board of Directors' Minutes of the Special Meeting of July 25, 2006 and the Regular Meeting of August 1, 2006.

ITEM NO. 3
APPROVE OAKDALE IRRIGATION
DISTRICT STATEMENT OF OBLIGATIONS

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve Oakdale Irrigation District Statement of Obligations.

ITEM NO. 4
APPROVE IMPROVEMENT
DISTRICT STATEMENT OF OBLIGATIONS

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve Improvement District Statement of Obligations.

ITEM NO. 5
APPROVE THE TREASURER AND CHIEF FINANCIAL
OFFICER'S REPORT FOR THE MONTH ENDING JULY 31, 2006

A motion was made by Director Clark, seconded by Director Alpers and unanimously supported to approve the Treasurer and Chief Financial Officer's Report for the month ending July 31, 2006.

ITEM NO. 6
APPROVE GENERAL SERVICES CONTRACTS FOR VARIOUS
VENDORS AND CONTRACTORS (GLENDEL CORPORATION,
DBA ROTO-ROOTER PLUMBING & SEWER CLEANING, INC.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the General Services Contracts for various vendors and contractors (Glendel Corporation, dba Roto-Rooter Plumbing & Sewer Cleaning, Inc.).

ITEM NO. 7
APPROVE PROFESSIONAL SERVICES CONTRACTS FOR
VARIOUS VENDORS AND CONTRACTORS (BENCHMARK ENGINEERING)

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the Professional Services Contracts for various vendors and contractors (Benchmark Engineering).

ITEM NO. 8
APPROVE QUITCLAIM OF SNEDIGAR LATERAL
EASEMENT (APN: 075-015-020- JKB HOMES NORCAL, INC.)

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the Quitclaim of Snedigar Lateral easement (APN: 075-015-020 – JKB Homes NorCal, Inc.).

ACTION CALENDAR
ITEMS 9, 10, 11, 12, 13

ITEM NO. 9
REVIEW AND TAKE POSSIBLE ACTION
REGARDING ADDITIONAL OPTION FOR THE FUTURE
DOMESTIC WATER SUPPLY FOR IMPROVEMENT DISTRICT NO. 52

On March 7, 2006 the OID Board of Directors approved three options available to ID 52 in their quest to obtain a permanent water source for their system. Since then, the consolidation of OID's Rural Water System into one system has presented a fourth option that was not available at that time. Staff is requesting authorization to present this option, along with the original three options, to the ID 52 Committee.

Option 4:

ID 52 would remain as a stand alone water system with OID supplying water to their system from OID's Rural Water System (RWS) No. 1. This option would require:

- ID 52 to continue funding their Capital Improvement Fund for the future replacement of their existing water distribution system.
- ID 52 would contract with OID to furnish them water through OID's RWS. As per OID's Domestic Water Policy the landowners will be charged a monthly Immediate Availability Fee plus a Water Usage Fee. These costs would then be divided amongst the ID membership as described in their ID formation papers. Essentially each of the 45 landowners would pay 1/45th of the costs. The terms and the length of the contract would be an item to be established and approved by OID's Board of Directors and the ID 52 membership.
- ID 52 would be responsible for all attorney costs to draw up the contract documents, as well as any other associated costs.
- ID 52 would be responsible for the costs associated with amending the water supply permits for both ID 52 and OID's RWS.
- ID 52 will need to fund the costs to abandon and destroy their two existing wells.

- ID 52 will need to fund the costs to install air chargers on their two existing water storage tanks.

Staff feels this presents the ID 52 membership with an option that provides a workable solution without the large economic impact of replacing the wells and distribution system at this time. It will allow ID 52 to start accumulating monies in their Capital Replacement Fund for the future replacement of their water system. At which time they may petition OID to abolish ID 52 and to permanently merge with OID's RWS or remain as an ID.

There was an extensive discussion regarding this matter. Director Webb requested that this matter be discussed by the Domestic Water Committee.

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to add Option 4 as an additional option for the future Domestic Water Supply for Improvement District No. 52.

ITEM NO. 10
REVIEW AND TAKE POSSIBLE ACTION ON
REQUEST FOR VARIANCE TO SUBDIVISION
PARCEL MAP POLICY (APN: 002-015-063 – LEE)

Mr. and Mrs. Lee recently purchased a 2.69 acre parcel located immediately south of Pleasant Valley Road, between Pioneer and Victory Roads, and immediately west of the SSJID Main Canal. Please refer to the attached project site map. Oakdale Irrigation District (OID) was unable to set forth conditions of approval at the time of the parcel split because the parcels were created through a lot line adjustment as part of the original Leitch Colony. However, the resulting "lot line adjustment" created 3 parcels; where before there were only two. It appears the County approved a subdivision of land through the granting of a lot line adjustment. This is extremely irregular and resulted in OID not being afforded the opportunity to comment through the tentative map process regarding the on-site improvements.

The individual developer who originally owned the properties, developed them; and sold them, no longer has interest in the properties. The developer, in an effort to increase the value of the 3 parcels, relocated and pipelined the OID's open Chappel Drain without the knowledge, approval or consent of OID. OID can not be assured that the pipe used in the relocation meets OID material standards, nor is it assured that the pipe size has capacity to pass irrigation or storm water flows, and upon visual inspection, the new pipeline has no headwalls or other required OID standard appurtenances. In short, the developer has left an unresolved financial burden upon either the OID or the unfortunate new parcel owners. Since OID has no recourse against the developer, its only mechanism is to push the burden of resolution upon the current landowners, who have a legal recourse against the developer.

Until OID's issues related to the illegal piping of this facility are resolved, OID recommends no action be taken to approve the delivery of irrigation water to any of the parcels in question.

Mr. Lee was present at the hearing and answered questions from the Board. Thereafter, Director Webb stated that he would like the Water Committee to go out and look at the properties involved. Director Clark asked the General Manager to speak with General Counsel to see if the District has any recourse against the developer.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to have the Water Committee go out to the properties and look at the problem and report their findings to the Board of Directors.

ITEM NO. 11
REVIEW AND TAKE POSSIBLE ACTION ON
DISCONTINUANCE OF IRRIGATION WITHIN THE CITY OF RIVERBANK

As a condition of project approval with the City of Riverbank, when they are the lead agency for the California Environmental Quality Act (CEQA), Oakdale Irrigation District (OID) has been requesting that all new residential subdivisions within the Riverbank city limits detach from OID. Since then, development of residential subdivisions in Riverbank has continued and more recently irrigable "town lots" have become part of these new subdivisions. On December 21, 2004, the Board of Directors approved the removal of Town Water in the City of Riverbank. Effective implementation of that action requires a Board Resolution defining and detailing the intent of the Board of Directors.

A motion was made by Director Alpers and seconded by Director Webb to discontinue irrigation to the remaining lands irrigating within the City of Riverbank, and was voted as follows:

Ayes: Directors, Alpers, Clark, Webb, Bairos
Noes: Director Taro

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION ON
DETACHMENT OF LANDS WITHIN THE CITY OF RIVERBANK

On August 4, 1982, the Oakdale Irrigation District (OID) Board of Directors passed Resolution No. 29-82, detaching all OID territory within the city limits of Riverbank. On September 1, 1982, the OID Board of Directors passed Resolution No. 36-82, which automatically detaches territory from the OID when the City of Riverbank annexes OID water service lands. Despite these resolutions, two (2) annexations to the City of Riverbank have occurred wherein an oversight of process and intent led to the failure to detach the territory from the OID. This failure had the effect of creating two (2) "islands" of non-contiguous parcels that are within the city limits of the City of Riverbank and still within the territory of the OID. The attached project site maps locate the non-detached parcels along Roselle Avenue and Burneyville Road. As a condition of approval for the Sterling Ridge Subdivision, OID requested the developer to initiate the process of detachment from the OID for the non-detached parcels located within the proposed subdivision, which is located within the city limits of Riverbank. Further review of the detachment request indicated that over one half (1/2) of the remaining non-detached parcels were within the

proposed subdivision. Staff requests that the Board of Directors detach all the remaining non-detached parcels as part of the process already begun by the Sterling Ridge Subdivision. If approved, OID will be the lead agency for the detachment process and expand the Local Agency Formation Commission (LAFCO) application already submitted by the Sterling Ridge developer.

A motion was made by Director Alpers and seconded by Director Webb to detach the remaining nonagricultural lands within the City of Riverbank from the Oakdale Irrigation District, and was voted as follows:

Ayes: Directors, Alpers, Clark, Webb, Bairos
Noes: Director Taro

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION ON
CLAIM FOR DAMAGES ON THE DORSEY LATERAL (HOLMAN)

Two (2) Claim Forms were submitted by Mike Holman and are attached. One Claim Form is for flooding on July 27, 2006 in the amount of \$300.00; and the second Claim Form is for flooding on August 1, 2006 and August 2, 2006 in the amount of \$300.00.

Mr. Holman is being flooded by his neighbor to the east. OID has investigated and found that the water use by Mr. Holman's neighbor is reasonable and not wasteful. OID contends this is a neighbor dispute the root cause of which is a gopher infested levee between the two properties which neither neighbor wishes to repair. Mr. Holman claims the water coming from the neighbor's irrigation of his land is still OID's water when it gets to his property and it is therefore OID's responsibility to pay for his damages. OID disagrees with Mr. Holman and requests the Board reject this claim.

Mr. Holman was present at the hearing and discussed this matter with the Board of Directors.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to deny the claims and forward the claims to the insurance carrier for handling.

DISCUSSION ITEMS
ITEM NOS. 14, 15

ITEM NO. 14
DISCUSSION ON BUSINESS ITEMS AS THEY APPEAR ON THE
TRI-DAM BOARD AGENDA FOR THURSDAY, AUGUST 17, 2006

This item is placed on the agenda to allow Board members an opportunity to openly discuss issues related to the upcoming Tri-Dam Board meeting.

Director Alpers stated that on the Tri-Dam Agenda Thursday the evaluation of the General Manager is due and he asked if anyone had any comments because the Tri-Dam

Committee will be meeting at 8:30 a.m. before the Board Meeting to come up with a recommendation.

General Manager, Steve Knell, commented on item number 7 on the Tri-Dam Agenda, Review and Take Possible Action on the Notice of Application to Appropriate Water to Stockton East Water District. He stated that Stockton East bifurcated their application into two sections; the first application is to take their discharge water to the new water treatment plant and the other application is trying to revitalize their taking of storm waters and other waters out of the Stanislaus which we believe has some potential impact to the District. General Manager, Steve Knell, stated that the District's Water Counsel, Tim O'Laughlin, requested that this item be placed on the agenda to educate the Board.

Director Webb stated that at the last Tri-Dam Meeting there was another attempt to try and change the procedure in which the money is brought down and it failed again. Director Webb stated that three out of four of the District's Directors voted for it. Director Alpers stated that he is going to put it on the Agenda again in January.

ITEM NO. 15 **DISCUSSION ON RESERVE POLICY**

At the June 6, 2006 Board Meeting Director Alpers and staff provided material and a presentation regarding establishment of additional reserve funds within the OID budget framework. The Board instructed staff to develop a Reserve Policy for review.

Staff developed the attached policy and presented it to the Finance Committee for review and/or comments on Monday, August 7, 2006.

Under constitutional authority, Article XIIB, Special Districts may establish reserve funds as they "deem reasonable and proper." Establishing adequate cash reserves is an essential part of sound financial management. These reserves play a critical role in providing reliable service, financing long-term capital projects and responding to emergencies.

This policy provides. . .

- documentation on the linkage between revenues and needs of the district.
- a easy access opportunity for the public to review how and where their money is being used.
- a visible tool for tracking uses and support for replenishment of certain reserves.
- staff with guidelines on the intent of Board direction.

the Board with certainty that their directed programs have a funding source.

General Manager, Steve Knell, discussed the establishment of a reserve policy with the Board of Directors. He stated that he and Kathy Cook, CFO, met with the Finance Committee and walked through the establishment of the reserve policy. He reminded the Directors that reserves are just a savings account for things that could occur. The General Manager stated that the District would like to set up reserve accounts, set up a reasonable savings plan for the District, fund those plans, and then operate on the remaining revenues for a year. There are two issues with reserves; one is you set a reserve, and then you discuss how you are going to fund it over the course of the coming years.

Director Alpers asked if there was going to be a maximum of what the 5% can represent on a given year, i.e. \$5,000.

General Manager, Steve Knell, stated that the Board at budget time can do whatever it wants. At budget time the Board decides if there is enough incoming revenues to take care of the annual expenses for the next year and if not, what are we going to pull from reserves, and if we do have more revenues than expenditures, do we want to put it all in reserves or do more projects that year, that decision is done on an annual basis.

Director Clark stated that it is good to know that if you have a tunnel collapse or the canal washes out on the South Main that there is money in reserves to repair it and you do not have to pull the money from somewhere else and you do not have a negative impact on something else that we are doing within the District. The money will be there in the eventuality there is a problem.

Director Bairos asked how the number of 5% was generated and why it was not 10% or 3%.

General Manager, Steve Knell, stated that the percentage was derived by using the normal revenue from Tri-Dam and balancing that to what the District needs to operate. He stated that the District's normal revenue is about \$12 million, but the operating budget is about \$9 million. If everything is normal and there are no failures with the system, we should be putting money into the reserve accounts. The District is currently putting this money into a savings account entitled "the general fund" account and not under a specified reserve account. He stated one advantage of having a reserve account and specifying where the money should be placed; for the tax payers of the District they can see where their money is going.

Director Taro excused himself from the Board Meeting to make an important telephone call and returned at 10:47 a.m.

Director Alpers asked if the District needed all of the funds. He stated that if he had to prioritize them he thought that the first three were very important. He felt that the vehicle and equipment replacement reserves were not necessary at this time and that the rural water systems should be included in one account and probably should have more money in them in case it became necessary to put an emergency treatment plant in. He also stated that the reserve account for the employee compensation could be part of a budget. Director Clark stated that the employee compensation was going to be mandated. General Manager, Steve Knell, stated that there is legislation pending that will require Districts to fully fund all debt obligations related to employee retirement.

ITEM NO. 16 **COMMUNICATIONS**

A. GENERAL MANAGER'S REPORT

Safety Activities

1. OID has gone 82 days without a lost time injury accident. Anticipating a Safety Achievement BBQ on Friday the 11th.

Water Operations Activities

1. OID is on 10-day rotations and will be rolling into 12-day rotations this week.

Administration Activities

1. The Water Resources Plan continues with draft PEIR documents for traffic, noise and utility impacts being reviewed and commented on. Significance Criteria finalized as well.
2. SSJID, Tri Dam and OID along with Water Counsel and modeling consultants have a meeting with CDFG Bill Loudermilk on August 11th.
3. Goad Deposition on August 16th.
4. Gregg Deposition on August 22nd.
5. Stanislaus County Water Summit III is August 23rd at 2:00 p.m.

Finance Department

1. Sent customer past dues to counties for collections.
2. Finalization of 1st draft of OID 2007 budget for review by Finance Committee on August 21st
3. Reserve Policy review by Finance Committee and being submitted to the Board for discussion.
4. Set up meeting for the week of August 21st to meet with the 7 domestic improvement districts.
5. Prepared employee payroll stub hourly wage and benefit information.

C&M Operations Activities

1. The Fairbanks Pipeline Replacement Project - completed final walk through
2. Stowell Lateral Rehabilitation started
3. Diversion work for leaks on the South Main was completed
4. Condor drafting reports for "2-Mile Bar Tunnel" and the Permanent Bank Repair Program. Final reports are due by September 30, 2006.
5. Clean up of chunkers on South Main and City Yard continued
6. Ditch Cleaning and Rehab continued on various laterals and drains.
7. Developing options for selecting a Borrow Pit source for dirt needed for bank rehabilitation
8. Winter Work Identification and Scope Development program in progress
9. First Submittal of Budget for 2007 completed

Engineering Activities

1. Design continued on the Campbell Pipeline Replacement, Grider Pipeline and the Clarke Pipeline Replacement

2. Landowner meetings for Campbell, Grider and North Dudley Pipelines
3. Punch List Activities for the Fairbanks Pipeline completion
4. Selection process for Engineering firms
5. Project Development for the Winter Season
6. Providing support to the Water Operations Department
7. Assembling bid package for the Campbell Pipeline (30" & 36" RCP) and a bid package for the Grider and North Dudley Pipelines (18", 24" and 27" PVC)
10. Support to Construction & Maintenance department

B. COMMITTEE REPORTS

There were no Committee Reports made with the exception of the Finance Committee which was discussed under Discussion Item 15.

C. DIRECTORS' COMMENTS/SUGGESTIONS

Director Alpers

Director Alpers stated that the water rotation system went very well this year and thanked everybody. He stated that he only has received one complaint this year. It has gone very well and everybody was happy. Director Alpers also thanked everybody for solving the Riverbank issue.

Director Clark

Director Clark had no comments

Director Taro

Director Taro stated that it bothered him that a constituent is getting flooded for several years and the District cannot find a solution to the problem.

Director Webb

Director Webb stated that LAFCO is annexing more of Oakdale (187 acres) and there are some ten acre plus pieces in the City of Oakdale and does that mean that they are no longer going to receive irrigation water. He stated that if these properties are going to be annexed and we are going to have to service this property we will need a resolution to do that. The District does not want to get into the same predicament with the City of Oakdale that was just rectified with the City of Riverbank. Everybody needs to think about this because the District needs to discuss this matter and come up with a resolution.

Director Bairos

Director Bairos had no comments.

OTHER ACTION
ITEM NO. 17

At the hour of 11:07 a.m. a motion was made by Director Alpers, and seconded by Director Bairos, and unanimously supported to adjourn to the next **regular Board of Director's Meeting** to be held on **Tuesday, September 5, 2006, at 9:00 a.m.** at the Oakdale Irrigation District Office, 1205 East F Street, Oakdale, CA 95361.

The next **regular Joint Board Meeting for the Tri-Dam Project** is scheduled for **Thursday, August 17, 2006, at 9:00 a.m.** in the Board Room of the Oakdale Irrigation District, 1205 East F Street, Oakdale, CA.

Steven A. Webb, President

Attest:

Steve Knell, P.E., Secretary