

MINUTES

Oakdale, California
September 6 2005

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: Frank B. Clark, President
Louis Brichetto
Tony Taro
Jack D. Alpers
Steve Webb

Staff Present: Steve Knell, P.E., General Manager/Secretary
Kathy Cook, Chief Financial Officer
Gary Jernigan, Special Projects Supervisor
Bob Nielsen, Water Utilities Manager
Kevin King, Water Operations Supervisor/Special
Projects Coordinator

Also Present: Michael Ijams, General Counsel

ADDITION OR DELETION OF AGENDA ITEMS

A motion was made by Director Webb, seconded by Director Brichetto, and unanimously supported to delete item numbers 9, 10, and 11 from the Consent Calendar.

ACTION TO TAKE VARIOUS ITEMS OUT OF SEQUENCE

None.

Director Brichetto requested that Item No. 12 be removed from the Consent Calendar.

At the hour of 9:05 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

There was no public comment.

Public Comment was closed at 9:06 a.m. and the Board Meeting continued.

CONSENT ITEMS
ITEM NOS. 2, 3, 4, 5, 6, 7, 8, 12

ITEM NO. 2
APPROVE THE BOARD OF DIRECTOR'S MINUTES OF THE
REGULAR MEETING OF SEPTEMBER 6, 2005
AND RESOLUTION NO. 2005-25

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the Board of Director's Minutes of the Regular Meeting of September 6, 2005 and Resolution No. 2005-25.

ITEM NO. 3
APPROVE OAKDALE IRRIGATION DISTRICT
STATEMENT OF OBLIGATIONS

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

ITEM NO. 4
APPROVE THE SCOPE OF WORK AND
FUNDING FOR NORTH MAIN SCADA PROJECT

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the funding for North Main SCADA Project.

ITEM NO. 5
APPROVE ENCROACHMENT AGREEMENT
ON THE RIVERBANK PIPELINE (APN: 064-062-014 – MURDOCH)

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the Encroachment Agreement on the Riverbank Pipeline (APN: 064-062-014 – Murdoch).

ITEM NO. 6
APPROVE ENCROACHMENT AGREEMENT ON THE
TOWN E PIPELINE (APN: 063-008-006 – BORDONA)

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the Encroachment Agreement on the Town E Pipeline (APN: 063-008-006 - Bordona).

ITEM NO. 7
APPROVE QUITCLAIM DEED PURSUANT TO
BOUNDARY LINE AGREEMENT ON THE ADAMS
LATERAL NO. 2 PROPERTY (APN: 010-039-033 – KAPLAN)

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the Quitclaim Deed pursuant to Boundary Line Agreement on the Adams Lateral No. 2 property (APN: 010-039-033 - Kaplan).

ITEM NO. 8
APPROVE BRIDLE RIDGE PHASE III
DEVELOPER AGREEMENT (APN: 062-026-002 – OAKDALE
LAND DEVELOPMENT COMPANY, INC.)

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the Bridle Ridge Phase III Developer Agreement (APN: 062-026-002 – Oakdale Land Development Company, Inc.).

ACTION ITEMS
ITEM NOS. 12, 13, 14, 15

ITEM NO. 12
APPROVE GENERAL MANAGER TO EXECUTE OAKDALE
UNIFIED SCHOOL DISTRICT'S REQUEST TO ABANDON OID BROWN PIPELINE

Director Brichetto had a question regarding the cost of the removal of the Brown pipeline. Thereafter a motion was made by Director Brichetto, seconded by Director Webb and unanimously supported to authorize the General Manager to Execute Oakdale Unified School District's Request to Abandon OID Brown Pipeline.

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION ON
"WILL SERVE LETTER" FOR THE
PROPOSED LANDS OF ROBERT RAE SUBDIVISION

The Developer of the Hillsborough Estates No, 2 & 3 subdivisions is requesting a will serve letter to include the remainder of the property located within the river bottom as part of the development of the Hillsborough No. 2 & 3 subdivisions. The incorporation of this property into the water systems should allow for OID to discontinue irrigation water deliveries to the last remaining piece of property located within the area. Once completed this new system will become part of OID's Rural Water Systems.

After a brief discussion, a motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the "Will Serve Letter" for the Proposed Lands of Robert Rae Subdivision.

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION ON
THE LONG-TERM LEASING OF TWO EXCAVATORS

Over the last few years the District has retired and sold much of its old heavy equipment fleet and has resorted to renting what it needed on a daily, weekly or monthly basis. The District used this time to try out different types, sizes and models of equipment to gain knowledge of what works best to meet the needs of a philosophy change in the way construction and maintenance is performed at the District.

This agenda item is to request Board approval to convert the current monthly rental of 2 excavators into long-term leases. The excavators currently on monthly rental are a 31K lbs. class (Kobelco SR115) reduced-tail-swing excavator and a 47K lbs. class (Kobelco 210) excavator. The 31K lbs. excavator is being used to replace the Caterpillar 426 Back-hoe that was sold at auction in June, 2004 and the 47K lbs. excavator is being used to replace the Caterpillar 215 excavator which was sold at auction in June, 2004.

The rental program was reviewed with our suppliers and information was obtained from them to address a long term lease agreement. Based on June 2005 quotes Tri-West, who provides the Kobelco excavators, provided the lowest quote and the best equipment. The June 2005 quotes will be validated again and Long Term Lease Agreements set up and executed based on their confirmed price.

Based on the lease agreement rates from June 2005, Staff recommends entering into a Long Term Lease Agreement with Tri-West for the Kobelco SR115 and the Kobelco 210. The lease agreement will be for a period of thirty-six (36) months with an approximate rate of \$1,523/Month and \$1,784/Month respectively. Most attachments for the machines are included with the monthly rental cost of the machines. For some additional attachments, Staff anticipates an additional cost of \$500/Month/Machine can be expected for the additional attachments. In addition to the quotes being validated again, Staff will solicit a Lease/Purchase option as part of the language to be included with the agreement.

A motion was made by Director Alpers, seconded by Director Taro, and unanimously supported to table the long-term leasing of two excavators, to schedule a Finance Committee Meeting to discuss the District's options, and then to bring the matter back before the Board for discussion.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION ON THE
PURCHASE OF A FRONT END LOADER AND A DOZER

The District sold its D5C Dozer in June 2004 and its 950 Loader is going to Auction in early September. Since the Dozer has been sold, the District has been renting a JD 550 Dozer. OID's 950 Loader has not been operational since September 2004 due to a bad transmission. The dealer has offered to inspect the transmission but only if the District pays an upfront inspection cost with no guarantees. Staff studied two options on what would best benefit the District; an out-right purchase of these two pieces of equipment or

some type of Equipment Lease Agreement. From the study, the least cost to OID would be the out-right purchase of these pieces of equipment currently being rented.

On August 29, 2005 the Finance Committee was shown how savings from the Long Term Lease paid the monthly installments for these two pieces of equipment. Additionally the Committee looked at the advantage of an out-right purchase over the financing of this equipment. The benefit was a savings of \$124,000 in interest payments for the out-right purchase. Staff was directed to assemble the best package of the costs and present to the Board of Directors as soon as possible. The pricing submitted in June, 2005 indicated Tri-West was the low bidder at \$162,500 for the Kawasaki 85V and Pape' Machinery was the low bidder for the JD 550 Dozer in the amount of \$105,500. The pricing will be re-confirmed before a purchase order is released for purchase

A motion was made by Director Alpers, seconded by Director Taro, and unanimously supported to table the purchase of a front end loader and a dozer, to schedule a Finance Committee Meeting to discuss the District's options, and then to bring the matter back before the Board for discussion

DISCUSSION ITEMS
ITEM NOS. 16, 17, 18

ITEM NO. 16
DISCUSSION AND PRESENTATION OF DRAFT 2006 BUDGET

General Manager, Steve Knell, presented the Draft 2006 Budget through a Power Point Presentation.

ITEM NO. 17
DISCUSSION ON DRAFT AGRICULTURAL
WATER MANAGEMENT PLAN (SB3616)

Kevin King, Water Operations Supervisor/.Special Projects Coordinator, presented the Draft Agricultural Water Management Plan (SB3616) through a Power Point Presentation.

ITEM NO. 18
DISCUSSION ON CONDOR DRILLING AND GEOPHYSICAL
EXAMINATION OF THE SOUTH MAIN RELOCATION WORK

General Manager, Steve Knell, started the discussion on the Condor drilling and geophysical examination of the South Main relocation work and turned the discussion over to Gary Jernigan, Support Services Manager.

COMMUNICATIONS
ITEM NO. 19

A. GENERAL MANAGER'S REPORT ON STATUS OF OID ACTIVITIES

Irrigation Activities

1. Moving into 12-day rotations and will likely stay at this rotation until the end of the water season.

Safety Activities

1. Poster Board development
2. Safety Committee evaluation of incidents
3. Development of safety identification projects for 2005 winter work.

Administration Activities

- a. Bill Jennings has left Delta Keepers
- b. Irrigation Districts may be heading down the litigation path with respect to the Ag Waiver. The RWQCB seems to be changing the rules for ID's on the Ag Waiver.
- c. Water Resources Plan continues to be a major commitment
- d. Employees Picture Board placed in the hallway for identification of all employees at OID.

Accounting Activities

- a. Preparing the draft budget for 2006
- b. Processing claims

C&M Operations Activities

1. Developing Long Term Lease and Purchases report for equipment
2. Emergency work on the Garr and Campbell P/L
3. Contract Close Out for the Construction Contracts
4. Developed tracking and reporting format for JSF's for the Winter Work
5. Developing Winter Work Scope and Schedules
6. Continued with project identification and Scope Development for the 2006 Capital Projects
7. Continued with the Ditch Cleaning program on the Laughlin, Root and Frymire
8. Removing Spoil Piles on various laterals previously cleaned
9. Condor continues with the evaluation of the data obtained from the bore logs and samples for the Tunnel relocation.
10. Analysis and Drawings for the Upstream Canal repairs being completed for review by the OID Staff.

Engineering Activities

1. Lower Cometa Lateral – construction drawing finalization
2. South Main Canal Improvement Project – project support
3. Winter work scope, design and schedule development
4. Winter work pre-job inventory
5. Suspense Forms

6. Misc. subdivision reviews

Water Utility Activities

1. Nielsen and Cook have completed meeting with each Improvement District regarding their 2005 ending status and their proposed budget for 2006. As usual, some good turnouts and some not-so-good.
2. Nielsen and Cook met with ID 52 members on the survey needs and cost for acquiring one of the Cal Tran's lots along Hwy 108. The members approved a ballot mailing for this action and it should be available for certification of the vote at the Board's September 20th meeting.

B. COMMITTEE REPORTS

Finance Committee – Director Clark stated the Finance Committee met to discuss the draft 2006 budget which was presented today.

C. DIRECTORS' COMMENTS/SUGGESTIONS

Director Alpers

Director Alpers stated that the Department of the Water Resources is starting a new program that is going to cost so much per acre foot, so much for storage, etc. Director Alpers stated that the nice part of the projection is that they are obviously a great bureaucracy because the fees go from 5 million one year, to 7 million one year, to 8.6 million the next year and our fees, if this is adopted, just keep going up. It is going to become a major cost in the future if it passes, if they turn it into law, or maybe they have, just by regulation, but it is something to think about because it is coming down the pike that is all of these fees from the Department of Water Resources based on diversion, storage, usage, etc. It will do something to our budget – just plan ahead.

Director Webb

None.

Director Clark

None.

Director Brichetto

Director Brichetto asked the General Manager, Steve Knell, to provide an overview of the new access road to the North Main, i.e., cost and a copy of the easement or the right-of-way agreement.

Director Taro

Director Taro asked where the Black Diamond dirt was used. Kathy Cook, Chief Financial Officer, responded that the dirt was used at the Root Lateral, the North Main, the Sweet Lateral, and the South lateral.

At the hour of 10:10 a.m. a motion was made by Director Webb, seconded by Director Taro, and unanimously supported to move to Closed Session.

CLOSED SESSION
ITEM NO. 20

Closed Session to discuss the following:

A. Government Code §54956.9 Existing Litigation

- | | |
|---------------------------------------|-------------------|
| (1) <i>Fields</i> | (4) <i>RTC</i> |
| (2) <i>Goad</i> | (5) <i>Cahoon</i> |
| (3) <i>Banducci v. Fields, et al.</i> | |

B. Government Code §54956.9 Conference with Legal Counsel

Anticipated Litigation - (3) Cases

At the hour of 12:00 p.m., a motion was made by Director Webb, seconded by Director Alpers, and unanimously supported to move to Open Session.

Thereafter the General Manager reported on the following items from closed session:

The General Manager was instructed to proceed with further negotiations with the RTC and Fields matters. There was no action taken on the Goad or the Cahoon matters. Mr. Ijams was instructed to resolve our issues on the *Banducci v. Fields* matter.

The General Manager was further instructed to incorporate the following statement into the Minutes regarding an anticipated litigation matter:

An OID employee recently received an e-mail with an attachment which the employee considered offensive. The person whose name appeared on the e-mail denied sending it, and stated that it was the result of an e-mail virus infection. The person whose name appeared as the sender on the e-mail has had the virus professionally removed from the computer in question, and has expressed regret about the incident to the employee who received the e-mail.

The Board takes this opportunity to reaffirm its longstanding policy against workplace harassment of any kind. Any employee who believes that they have been harassed by any person, and any non-employee who believes that they have been harassed by any District employee or by any person or entity acting on behalf of the District, is encouraged to immediately report any such incident to the General Manager, or to any other supervisory employee of the District. Supervisory employees are instructed to immediately report any such incidents to the General Manager, or to the Board of Directors as appropriate.

The Board also takes this opportunity to direct staff to investigate available e-mail filtering programs to determine their suitability for blocking objectionable content from the District's e-mail system.

OTHER ACTION
ITEM NO. 21

At the hour of 12:10 p.m. a motion was made by Director Alpers, and seconded by Director Webb, and unanimously supported to adjourn to the next **regular Board of Director's**

Meeting to be held on **Tuesday, September 20, 2005 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, September 15, 2005 at 9:00 A.M.** in the Board Room of the Oakdale Irrigation District, 1205 East F Street, Oakdale, CA.

Frank B. Clark, President

Attest:

Steve Knell, P.E., Secretary