

MINUTES

Oakdale, California
January 20, 2009

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: Jack D. Alpers, President
Al Bairos, Jr., Vice President
Frank Clark
Tony Taro (arrived at 9:02 a.m.)
Absent: Steve Webb
Staff Present: Steve Knell, P.E., General Manager/Secretary
Gary Jernigan, Contract/Special Projects Manager
Kevin King, Water Operations Manager
John Davids, District Engineer
Kathy Cook, Chief Financial Officer
Jason Jones, Support Services Manager

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.

General Manager Steve Knell requested that Item No. 7 be pulled from the Consent Calendar. Director Alpers requested that Item No. 6 be pulled from the Consent Calendar.

CONSENT ITEMS

ITEM NOS. 2, 3, 4, 5, 8, 9, 10, 11, 12

ITEM NO. 2

APPROVE THE BOARD OF DIRECTORS' MINUTES OF THE REGULAR MEETING OF JANUARY 6, 2009 AND RESOLUTION NO. 2009-02

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of January 6, 2009, and Resolution No. 2009-02.

ITEM NO. 3
APPROVE THE OAKDALE IRRIGATION
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 4
APPROVE IMPROVEMENT DISTRICT
STATEMENT OF OBLIGATIONS

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

ITEM NO. 5
APPROVE ASSIGNMENT OF
CAPITAL WORK ORDER NUMBERS

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the following capital work order numbers:

<u>Facility</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Work Order No.</u>
<i>Revised W.O.</i> Van Norman	Install new control structure, 18" turnout and stilling well, and replace 1,400' of 18" 100 PIP PVC.	\$120,000 <i>original amount \$55,000)</i>	0852
<i>Delete W.O.</i> Clark Pipeline	Install new 36" square gate	\$10,000	0831
<u>NEW</u>			
Wills Lateral	Remove existing gate and install 18" Fresno 1010C slide gate	\$5,500	0901
West Pump Pipeline	Install 1,250 linear feet of new 24" 100 PIP PVC pipe.	\$157,000	0902
River Road Lateral	Remove existing gate and install 18" Fresno 1010C slide gate	\$4,500	0903
Burnett Lateral	Remove existing gate and install 16" Fresno 1010C slide gate	\$5,000	0904
Workman Pump	Remove existing gate and install 2-18" Fresno 1010C slide gate	\$10,500	0905
River Road Lateral	Remove existing gate and install 16" Fresno 1010C slide gate	\$5,000	0906
Clark Pipeline	Install new 36" square gate	\$10,000	0907

ITEM NO. 8
APPROVE CHANGE ORDER NO. 05 TO
DRILL TECH DRILLING AND SHORING, INC.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Change Order No. 05 to Drill Tech Drilling and Shoring, Inc.

ITEM NO. 9
APPROVE ENCROACHMENT AGREEMENT ON
THE WYATT LATERAL (APN: 002-054-003 – AIROLA)

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Encroachment Agreement on the Wyatt Lateral (APN: 002-054-003 – Airola).

ITEM NO. 10
APPROVE ENCROACHMENT AGREEMENT ON
THE UNION DRAIN (APN: 010-028-024 – THOMPSON)

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Encroachment Agreement on the Union Drain (APN: 010-028-024 – Thompson).

ITEM NO. 11
APPROVE ENCROACHMENT AGREEMENT ON
THE WORKMAN DRAIN (APN: 010-028-024 – THOMPSON)

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Encroachment Agreement on the Workman Drain (APN: 010-028-024 – Thompson).

ITEM NO. 12
APPROVE ANNUAL
REVIEW OF ASSIGNED VEHICLES

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Annual Review of Assigned Vehicles.

At the hour of 9:02 a.m. the Board welcomed public comment.

PUBLIC COMMENT
ITEM NO. 1

There being no Public Comment; Public Comment closed at 9:02 a.m. and the Board Meeting continued.

**ACTION CALENDAR
ITEMS NOS. 6, 7, 13**

**ITEM NO. 6
AUTHORIZE GENERAL MANAGER TO EXECUTE
PURCHASE AGREEMENT FOR ERLANGER
DEEP WELL SITE (APN: 010-019-015 – FURTADO)**

Director Alpers asked if this deep well will serve Furtado and Kemper. General Manager Steve Knell responded, yes.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to authorize the General Manager to execute the Purchase Agreement for the Erlanger Deep Well Site (APN: 010-019-015 – Furtado).

**ITEM NO. 7
APPROVE PROFESSIONAL SERVICES CONTRACTS
FOR VARIOUS ENGINEERING FIRMS (PROVOST AND PRICHARD,
CH2M HILL, AND CONDOR EARTH TECHNOLOGIES, INC.)**

General Manager Steve Knell stated that this item was pulled to correct the Professional Services Contracts to be approved, which are Provost and Prichard, CH2M Hill and Condor Earth Technologies, Inc. and not Giuliani and Kull as indicated on the Agenda.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the Professional Services Contracts for Various Engineering Firms (Provost and Prichard, CH2M Hill, and Condor Earth Technologies, Inc.).

**ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION TO
SELECT AN ALTERNATIVE FOR ENVIRONMENTAL
MITIGATION ON THE NORTH SIDE RESERVOIR**

Environmental Mitigation for the North Side Reservoir is proving to be a challenge and through numerous discussions with United States Fish and Wildlife Service (USFWS), United States Army Corp of Engineers (USACOE), CH2M Hill and Bumgardner Biological Consulting, we have prepared three (3) different alternatives for Board review and subsequent selection of the preferred alternative. Please refer to the attached documentation for a detailed review of each alternative complete with the pros, cons, construction start dates and the estimated costs associated with each alternative. Regardless of the alternative selected a decision must be made at this time to keep the project on track.

Staff was available to facilitate further discussion and answer any additional questions of the Board.

After a lengthy discussion, a motion was made by Director Clark and seconded By Director Alpers to select Alternative One for environmental mitigation of the North Side Reservoir and by roll call was voted as follows:

Director Taro:	No
Director Alpers:	Yes
Director Bairos:	Yes
Director Clark:	Yes

**DISCUSSION
ITEM NO. 14, 15**

**ITEM NO. 14
DISCUSSION ON
POTENTIAL TAX-EXEMPT BOND ISSUANCE**

The District's Water Resource's Plan (WRP) anticipates over the next 20 years that it will be necessary to invest \$124M in rehabilitation and modernization projects within the OID's water delivery system. Ninety-four (\$94) million in "required" system replacements and \$30 million in modernization projects that both conserve water and improve customer service.

In addition, the District's risk assessment study of its main canals and tunnels identifies a need for \$44M to rehabilitate areas assessed as high hazard risks. This \$168M is a 2006 number and has not been adjusted for inflation. As these projects are postponed costs are estimated to increase at an annual inflation rate of 3.5% (approximately a half-a-million per year).

Included in this agenda report is pg. 9-25 from the Summary Report of the Water Resources Plan from November 2005. The Plan anticipated the need of high early expenditures (camel's hump) in CIP due to the lack of District investment in the past. The need to "catch up" in rebuilding the District's infrastructure is critical; and the camel's hump of expenditures to do this is large; bringing the Board to a decision point in our future. Do we pay-as-you-go through this camel's hump or do we finance ourselves through this period by bonding? That is the question before the Board.

As indicated in Scenarios 2 and 3 on pg 9-25; (Note: pg. 9-25 does not include tunnel work of \$44 million):

- Under a pay-as-you-go finance plan it will take 7 years to complete the camel's hump projects and under a financing plan it will take 4 years.
- At the end of the pay-as-you-go period, reserves of the district will be depleted significantly. There will be little to no flexibility to address issues, political or natural, should they arise. The district's ability to bond during or at the end of this period will be financially compromised and expensive. With little reserves to support a credit worthy rating borrow will be expensive. (to be shown in Wells Fargo presentation).
- At the end of the financed period, district reserves would be healthy, strong and unrestricted. The ability to borrow to address emergency issues will not have been

compromised and its' ability to bond or pay-as-you-go in the future will offer great flexibility.

The OID financial model is no different than our farming customers, when times are good, it's time to invest in the farm, make improvements to be as productive and efficient as possible, so when times are bad, we can weather the storm.

OID's financial health has never been better. Our system needs are extensive. OID needs to repair, replace and modernize its system to weather the coming storm(s). Drought, the Delta, environmental water, fish, TMDLs, flow allocations, etc. are storms in our horizon. The district will need to be in a strong financial position to address these concerns as we move forward. How we get there is a Board decision.

At the January 6, 2009 Board meeting the Finance Committee was instructed to meet with Staff, Sutter Securities, and Wells Fargo Institutional Securities to prepare a list of capital projects for potential financing and bring back a bonding recommendation to the Board. As part of this agenda item;

- Steve Knell gave a presentation on the need to finance and go through the proposed Capital Projects for financing.
- Michael Engelbracht with Wells Fargo was present and gave a presentation on the Proposed Financing based on the proposed Capital Projects.
- Jeff Stava with Nossaman LLP (Bond Counsel) was present and gave an overview of the draft documents required if the District were to finance the recommended Capital Projects.
- Frank Soriano with Sutter Securities (Financial Advisor) was present to answer questions.

The Board referred this matter back to the Finance Committee to discuss some additional scenarios and to bring it back to the Board for action at the February 2, 2009 Board Meeting.

ITEM NO. 15
DISCUSSION ON LAND PURCHASE FOR
ENVIRONMENTAL MITIGATION AND
RETIREMENT OF EXISTING OID OBLIGATIONS

As Oakdale Irrigation District (OID) begins the implementation phase of the Water Resources Plan (WRP) there will undoubtedly continue to be the need for costly environmental mitigation similar to that seen currently for the North Side Reservoir and earlier this fall for the Cape Horn Tunnel Rehabilitation Project. With that in mind and as an option to paying the currently established environmental mitigation costs, OID may consider the acquisition of land and the creation of a mitigation site under a formal agreement with those applicable regulatory agencies. At this time, those regulatory agencies are thought to include, United States Fish and Wildlife Service (USFWS), United States Army Corp of Engineers (USACOE) and the California Department of Fish and Game (CDFG). As noted

in the attached memorandum prepared by CH2M Hill and Bumgardner Biological Consulting entitled, Summary of Potential Benefits/Disadvantages to Purchasing/Developing a Mitigation Site for the Oakdale Irrigation District's Proposed North Main Regulating Reservoir this process could take approximately one (1) to two (2) years. While this approach may not be applicable to the North Side Reservoir, it may, if started now, provide substantial benefit and cost savings to OID over the course of the next twenty (20) to thirty (30) years. Please refer to the above noted memorandum as attached herein for further clarification concerning the process and the associated pros and cons.

As a secondary benefit to achieving the necessary environmental mitigation or as an entirely separate endeavor, OID's Board of Directors may wish to acquire those lands where access to its irrigation infrastructure is severely inhibited (previously estimated at 60% of all OID infrastructure) or where the opportunity exists to retire current obligations of OID. Acquisition of these parcels by OID would allow for the retiring of rights as deemed necessary, rehabilitation of facilities as needed, reestablishment of OID access and fencing of rights-of-way as deemed necessary, all of which are a direct cost savings to OID and its constituents.

Staff was available to facilitate further discussion and answer any additional questions of the Board.

General Manager Steve Knell stated that this discussion item is going to be investigated further and brought back to the Board at a later time.

ITEM NO. 16 **COMMUNICATIONS**

A. GENERAL MANAGERS REPORT

Safety Activities

1. 6 days without a lost time injury accident. A muscle pull on a job site resulted in an employee taking 3 days off.

Administration Activities

1. Legal issues consuming quite a bit of administrative time.
2. Bond financing meetings and Finance Committee meetings.
3. Provided a talk to the Oakdale Dinner Club on "The Tipping Point".
4. SJRG Meeting points;
 - a. This year's issues will focus primarily on the Regional Boards Salt and Boron TMDL and the State Water Boards flow allocation proceedings.
 - b. State contracting has been put on hold due to the budget and that raises VAMP issues.
 - c. USGS has informed the River Group that it can not do the Chipps Island and Jersey Point acoustic monitoring due to budget and staffing issues. We're looking elsewhere for long term and canceling our reliability on the government.
 - d. Continuing to prepare for presentation to State Board to halt illegal diverters in Delta.
 - e. VAMP 1A and II talks continue.
5. California Irrigation Institute Conference February 3rd and 4th.

6. Reminder that Board meeting is now February 2nd a Monday.
7. As directed by Resolution No. 96-01 and pursuant to California Government Code Section 53065.5, the written statements of Disclosures of Reimbursement of Amounts to employees and directors paid by the District during 2007 of at least \$100 for an individual charge for service or product received are available for public review at the office of the District's Chief Financial Officer, Kathy Cook

Contract and Special Project Activities

1. Cape Horn Tunnel – Drill Tech has completed 98% of the Downstream Contract work and 95% of the Upstream Contract work as of January 15, 2009. Drill Tech worked the weekend, Saturday and Sunday, January 17th and 18th to complete the remaining work. Substantial Completion of the Tunnel Work is scheduled for January 19, 2009 for water to be run through the system.
2. Little John Creek Dam Project – Teichert Construction has installed the new gates with the electrical work for the gates and controls in progress. Parts for Gates were not shipped and some parts were the wrong size and are being replaced. The structural steel will be placed once the steel has been returned from the galvanizers for the handrails and steps. The debris boom will be completed as well once the steel has been delivered. A preliminary punch list has been given to Teichert to complete work. Project completion has slipped from December 19, 2008 to January 24, 2009 due to the galvanizing of structural steel. However, water can be run through the system on January 20, 2009.
3. Riverbank/South Main - Sierra Mountain completed concrete pours for all the control structures and backfilling is in progress. Punch List being worked off in conjunction with contract items. Fencing is progressing along the right of way. Punch List has been drafted and transmitted to Sierra Mountain. Project is scheduled for completion on February 10, 2009.
4. Fairbanks/Cometa Control Structure Rehabilitation – Teichert Construction has completed the Diversion Structure concrete pour and has stripped. Teichert has started the backfilling and pipe installation. Rip Rap will be placed during the week of January 19, 2009. Preliminary Punch list has been developed and transmitted to the Contractor. Project is scheduled for completion on or before January 30, 2009.
5. Fairbanks/SSJID Main – Preston Pipeline completed stripping of the culvert and backfilling has started. The control structures are being formed and will be poured on January 20, 2009 with completion scheduled for January 23, 2009. The 60" RCP will be installed with the remaining backfill to be completed on February 19, 2009.
6. USFWS issued letter for study of the California Tiger Salamander at the upstream portal of the Cape Horn Tunnel has been implemented and being monitored. The monitoring will be completed on January 23, 2009.
7. Contract Administration activities on issued contracts to be renewed and/or issued, Work Releases and Change Orders for all contracts.
8. Project coordination with Engineering Consultants.
9. Construction Management and Contracts Administration manuals being developed

Construction & Maintenance Activities

1. Review of Job Set Up Forms
2. Review of Request For Work Approvals
3. On-going review for potential dirt sites
4. Various Landowner meetings

5. Completed Year End Inventory
6. CHP BIT inspection conducted on January 13th.
7. Department of Automotive Repair visited the District on the 8th of January to review our paperwork on smog testing on our gasoline vehicles.
8. Assisting Engineering Department on upcoming Capital Projects.

Engineering Activities

1. Ongoing Suspense Forms.
2. Board Agenda Report preparation.
3. Working with various Irrigation Design Companies on new turnout designs for construction this winter.
4. Engineering Department Staff assisting Mr. Jernigan with construction inspection activities on this winters contracted projects.
5. Preliminary design underway for 2009/2010 Capital Projects.
6. Preparing early CEQA analysis for 2009/2010 Capital Projects.
7. Design for the North Side Reservoir is underway and several meetings have been held between the Water Operations Department, Engineering Department and P&P to discuss design related issues. Environmental Mitigation for the North Side Reservoir project has proved challenging. Dependent on the Board decision today, we will know how to proceed and that will have a direct impact on schedule for both construction and design.
8. Conde's CEQA package is complete. Waiting for compliance with three (3) outstanding conditions of approval. Conde's called OID during the week of 1/5/09 stating that they were in compliance with the outstanding conditions yet a field review does not confirm that. A follow up letter has been sent to the Conde's outlining those conditions which still must be complied with and our planned approach if compliance is not obtained soon.
9. V.A. Rodden Agreement was signed by Mr. Bill Jackson on 12/19/08 and recorded by OID on 19/09. Continuing to work with Mike Burden and Waterford Irrigation on Design of Phase I infrastructure.
10. Working on Goad Construction Issues with Jason Jones, Support Services Manager and G&K as it pertains to recording the Lot Line Adjustment.
11. USBR Challenge Grant Application submitted on 1/13/09.

Water Operations Activities

1. Working on Rotation Sheet and Water Distribution Analysis
2. Coordinating SCADA efforts for 2008/2009 Capital Projects
3. Cooperating with Eastside Tributary Agencies on Long Term Irrigated Lands Program
4. Coordinating display for Oakdale Home & Garden Show on March 14th
5. Numerous water user letters being sent out in preparation for the 2009 irrigation season in regard to ineffective/inoperable irrigation systems.
6. Assisting with Bond Project preparation as required
7. Posted in house on Monday, January 12th for vacant DSO position
8. Assisting Engineering Department with Bureau Grant Application
9. ID 52 Wells have been destroyed and capped

Finance and Accounting Activities

1. 2009 started out like every new year, very busy.
2. Richardson and Company (the District's auditors) started a preliminary audit for 2008 on January 12th.
3. Continue to work on potential bond financing.
4. ID52's monthly loan payment was re-amortized in January. Each landowner's monthly payment is \$137 (down from \$234)
5. Routine accounting functions (AP, AR, PR, reconciliations, etc.)

B. COMMITTEE REPORTS

Finance Committee – Director Bairos stated that the Finance Committee Meeting issues were previously addressed under Discussion Item No. 14.

Tri-Dam Committee – Director Alpers stated that the Tri-Dam Committee met along with the General Managers from OID and SSJID to discuss how to fill the vacancy of General Manager Steve Felte when he retires on July 31, 2009. It was agreed that SSJID and OID would do their own headhunting for a new General Manager. The Human Resources Manager with SSJID is going to handle the re-writing of the job description and the job brochure. Both Districts will share in the cost equally.

C. DIRECTORS' COMMENTS/SUGGESTIONS

Director Taro

Director Taro stated that he would like to see something put on the agenda regarding the Angle Lateral. He stated that it is undermining on the eastern side. General Manager Steve Knell stated that this is a maintenance issue and he will have it looked at.

Director Alpers

Director Alpers had no comments.

Director Clark

Director Clark had no comments.

Director Bairos

Director Bairos had no comments.

OTHER ACTION **ITEM NO. 17**

At the hour of 11:49 a.m. the meeting was adjourned. The next Special Board Meeting of the **Oakdale Irrigation District Board of Directors** is scheduled for **Monday, February 2, 2009 at 9:00 a.m.** in the board room at 1205 East F Street, Oakdale, CA.

The next Regular Joint Board Meeting for the **Tri-Dam Project** is scheduled for **Thursday, February 19, 2009 at 9:00 a.m.** in the board room of the South San Joaquin Irrigation District, 11011 East Highway 120, Manteca, CA.

Jack D. Alpers, President

Attest:

Steve Knell, P.E., Secretary