

MINUTES

Oakdale, California
September 21, 2016

The Board of Directors of the Oakdale Irrigation District invited all to recite the Pledge of Allegiance and then met in Special Session at the hour of 6:00 p.m. Upon roll call, there were present:

Directors: Steve Webb, President
Herman Doornenbal, Vice President
Gary Osmundson
Gail Altieri
Linda Santos

Staff Present: Steve Knell, General Manager/Secretary
Jason Jones, Support Services Manager
Kathy Cook, Chief Financial Officer/Treasurer
Emily Sheldon, Associate Engineer

Also Present: Fred A. Silva, General Counsel

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 6:02 p.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

Tom Orvis, with the Stanislaus County Farm Bureau, stated that on September 15, 2016 the long awaited document on the SED and unimpaired flows was released and the unimpaired flow on the Stanislaus will increase to 40%. Tom Orvis said that this is the time for everyone to fly under one flag. The State Water Board is going to have a workshop/hearing on this issue on November 4, 2016 at 9:00 a.m. in the Tuolumne Room at Modesto Center Plaza. We need to have a good showing by the ag community at this hearing and he encouraged everyone to attend.

Robert Frobose, thanked Tom Orvis for bringing up that issue. He also commented on the General Manager's comment at the last Board Meeting regarding his discussion on when the District's water year ended.

There being no further public comment, public comment closed at 6:10 p.m.

Director Altieri requested that Item No. 8 be pulled from the Consent Calendar.

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

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS' MINUTES OF THE REGULAR
MEETING OF SEPTEMBER 6, 2016 AND RESOLUTION NOS. 2016-51,
2016-52, 2016-53, 2016-54, 2016-55, 2016-56, 2016-57, 2016-58, 2016-59 AND 2016-60

A motion was made by Director Webb, seconded by Director Santos, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of September 6, 2016 and Resolution Nos. 2016-51, 2016-52, 2016-53, 2016-54, 2016-55, 2016-56, 2016-57, 2016-58, 2016-59 and 2016-60.

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

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

ITEM NO. 4
APPROVE THE IMPROVEMENT
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 5
APPROVE TREASURER AND CHIEF FINANCIAL
OFFICER'S REPORT FOR THE MONTH ENDING AUGUST 31, 2016

A motion was made by Director Webb, seconded by Director Santos, and unanimously supported to approve Treasurer and Chief Financial Officer's Report for the Month Ending August 31, 2016.

ITEM NO. 6
APPROVE WORK RELEASE NO. 023 TO GENERAL SERVICES
AGREEMENT 2013-GSA-032 WITH NORTHERN STEEL, INC.
FOR CUTTING, BENDING, AND PLACING OF REBAR FOR ONE
STANDARD DROP STRUCTURE LOCATED ON THE DORSEY LATERAL

A motion was made by Director Webb, seconded by Director Santos, and unanimously supported to approve Work Release No. 023 to General Services Agreement 2013-GSA-032 with Northern Steel, Inc. for cutting, bending, and placing of rebar for one standard drop structure located on the Dorsey Lateral.

ITEM NO. 7
APPROVE WORK RELEASE NO. 058 TO PROFESSIONAL
SERVICES AGREEMENT 2009-PSA-015 WITH GIULIANI & KULL,
INC. FOR PROFESSIONAL SERVICES TO STAKE THE
BRADY PIPELINE RIGHT OF WAY THROUGH APN: 062-004-028

A motion was made by Director Webb, seconded by Director Santos, and unanimously supported to approve Work Release No. 058 to Professional Services Agreement 2009-PSA-015 with Giuliani & Kull, Inc. for Professional Services to stake the Brady Pipeline Right-of-Way through APN: 062-004-028.

The above consent items passed 5-0 by the following vote:

Ayes:	Directors Webb, Doornenbal, Osmundson, Santos, Altieri
Noes:	None
Absent:	None

CONSENT ITEMS
ITEM NO. 8

ITEM NO. 8
APPROVE ENCROACHMENT PERMIT ON THE
PALMER LATERAL (APN: 014-047-008 – GARY B. AND
AMY A. OSMUNDSON REVOCABLE FAMILY TRUST)

Director Altieri asked for clarification on this agenda item. Director Altieri stated that the Agenda Report indicated one 3" Sch. 40 PVC private irrigation pipeline and the Encroachment Permit indicated two 3" Sch. 40 PVC. Associate Engineer Emily Sheldon confirmed that two 3" Sch. 40 PVC is correct. General Manager Steve Knell stated that the Encroachment Permit is the controlling document and it is correct.

Director Osmundson abstained from voting on this agenda item.

A motion was made by Director Doornenbal, seconded by Director Santos, and unanimously supported to approve the Encroachment Permit on the Palmer Lateral (APN: 014-047-008 – Gary B. and Amy A. Osmundson Revocable Family Trust).

The motion passed 4-1 by the following vote:

Ayes:	Directors, Webb, Doornenbal, Santos, Altieri
Noes:	None
Absent:	None
Abstain:	Director Osmundson

ACTION CALENDAR
ITEM NOS. 9, 10, 11, 12, 13

ITEM NO. 9
REVIEW AND TAKE POSSIBLE ACTION TO APPROVE A
PROFESSIONAL SERVICES AGREEMENT FOR AUDITING SERVICES
FOR THE YEARS ENDING DECEMBER 31, 2016, 2017, AND 2018

The general responsibility of a CPA firm is to conduct audit services in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Their responsibilities are:

- Evaluate the internal control system to provide reasonable assurance that the agency is managing its financial affairs in compliance with applicable laws and regulations and, where weaknesses are noted, make recommendations for improvements.
- Ensure that the financial statements of the agency present fairly its financial operations in accordance with the generally accepted accounting principles.
- Ensure that the agency has complied with laws and regulations that may have a material effect on its financial statements.

Rick Dodge, at Tri-Dam, on-behalf of OID prepared and sent out a joint request for proposals (RFP) for audit services for OID, SSJID, and Tri-Dam Project and Authority. Eleven proposals were sent to certified public accounting firms that perform government financial audits. Attached is a summary of the five firms that responded to the proposals.

Staff interviewed two firms, Maze & Associates and Fedak & Brown. Additionally, staff called one or two references on each of the five firms. All the references exhibited:

- Responsiveness to the RFP.
- Relevant experience.
- Professional qualifications and technical abilities
- Good references.
- Peer rating within 3 years.

With all the above qualifications being fairly equal, staff would recommend hiring Fedak & Brown based on cost.

A motion was made by Director Doornenbal, seconded by Director Osmundson, and unanimously supported to approve a Professional Services Agreement for Auditing Services for the Years Ending December 31, 2016, 2017, and 2018.

The above item passed 5-0 by the following vote:

Ayes: Directors Webb, Doornenbal, Osmundson, Santos, Altieri
Noes: None
Absent: None

ITEM NO. 10
REVIEW AND TAKE POSSIBLE ACTION ON POTENTIAL CONFLICT
OF INTEREST CONCERNS RAISED BY DIRECTOR SANTOS
REGARDING LEGAL REPRESENTATION BY THE LAW FIRM OF DAMRELL,
NELSON, SCHRIMP, PALLIOS, PACHER & SILVA IN PROVIDING VARIOUS
LEGAL SERVICES AND REPRESENTATIONS TO AND FOR OID AND OTHERS

Damrell, Nelson, Schrimp, Pallios, Pacher & Silva requested the Law Firm of Long & Levitt to prepare an analysis of potential conflicts of interest related to their firm's representation of the District.

The letter speaks for itself, there is no conflict of interest in legal representation to OID provided by Damrell, Nelson, Schrimp, Pallios, and Pacher.

A member of the public, Robert Frobose, commented on this item.

A motion was made by Director Doornenbal and seconded by Director Osmundson to accept the opinion contained in the letter prepared by Long & Levitt, LLP dated September 2, 2016 regarding a potential conflict of interest raised by Director Santos regarding legal representation by the Law Firm of Damrell, Nelson, Schrimp, Pallios, Pacher & Silva in providing various legal services and representations to and for OID and others and was voted as follows:

The above item passed 3-2 by the following vote:

Ayes: Directors Webb, Doornenbal, Osmundson
Noes: Directors Santos, Altieri
Absent: None

ITEM NO. 11
REVIEW AND TAKE POSSIBLE ACTION TO
APPROVE AMENDMENT NO. 06 TO PROFESSIONAL
SERVICES AGREEMENT 2006-PSA-004 WITH DAMRELL, NELSON,
SCHRIMP, PALLIOS, PACHER & SILVA TO ADD ADDITIONAL STAFF

The attached Amendment was presented to the Board of Directors at the August 17, 2016 and the September 6, 2016 Board Meetings and was pulled from the agenda to address

potential conflicts of interest between the Damrell Law Firm and the District. Now that the District has received an independent Opinion Letter staff is bringing this item back to the Board for approval.

The District has a Professional Services Agreement with Damrell, Nelson, Schrimp, Pallios, Pacher & Silva who provide legal counsel and representation to the District in connection with the District's needs for legal services as directed by the General Manager. The Exhibit "B" Hourly Billing Rate Schedule will be revised to add two additional attorneys to the Rate Schedule.

Staff recommends that the Board approve Amendment No. 06 and authorize the General Manager to execute Amendment No. 06 to amend Professional Services Agreement 2009-PSA-004 and revise the rates per the Amendment.

Members of the Public, Attorney Robert Fores from the Law Firm of Fores & Macko, commented on this agenda item.

A motion was made by Director Doornenbal and seconded by Director Osmundson to approve Amendment No. 06 to Professional Services Agreement 2006-PSA-004 with Damrell, Nelson, Schrimp, Pallios, Pacher & Silva to add additional staff, and was voted as follows:

The above item passed 3-2 by the following vote:

Ayes:	Directors Webb, Doornenbal, Osmundson
Noes:	Directors Santos, Altieri
Absent:	None

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION TO PROVIDE STAFF
DIRECTION ON FINANCING OF THE ADDITIONAL ANNEXATION PROJECT

On August 24, 2016, the Stanislaus County Local Agency Formation Commission (LAFCO) approved the Additional Parcels Change of Organization to the Oakdale Irrigation District (Project). In 2012, acreage that OID had been designated for annexation as part of the Fringe Parcels Annexation Project, but chose not to pursue annexation, that acreage was offered to other landowners of what ultimately became the Additional Annexation Project. At the Board's direction, the applicants of the Additional Annexation Project were offered annexation under a "preliminary term" sheet for 20 year financing of the annexation fees by OID at 3% interest.

Staff is in the process of finalizing the Contract documents for these Additional Annexations and needs guidance as to the "final" financing terms or if OID will offer any financing or if any additional terms may be considered or desired by the Board. Staff will have some comments on this.

Members of the public, Ken Kraus, Attorney Robert Fores from the Law Firm of Fores & Macko, and Robert Frobose, commented on this agenda item.

Director Osmundson abstained from voting on this item.

A motion was made by Director Santos and seconded by Director Altieri to provide the Board with the final annexation agreement for review and comment by the Board and the public before the Board approves any financing, and was voted as follows:

Ayes: Directors Santos, Altieri
Noes: Directors Webb, Doornenbal
Absent: None
Abstained: Director Osmundson

The motion failed by a 2-2 vote.

A motion was made by Director Webb and seconded by Director Doornenbal to approve the District financing the annexations at 3% over twenty years, and was voted as follows:

Ayes: Directors Webb, Doornenbal
Noes: Directors Santos, Altieri
Absent: None
Abstained: Director Osmundson

The motion failed by a 2-2 vote.

With no direction from the Board the General Manager stated he would bring back a draft of each contract for review and approval by the Board.

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION TO PROVIDE STAFF
DIRECTION ON FINANCING OF THE FRINGE PARCEL ANNEXATION PROJECT

This item was pulled from agenda.

DISCUSSION ITEM
ITEM NO. 14

ITEM NO. 14
DISCUSSION AND UPDATE ON THE SOUTH
MAIN CANAL TWO MILE BAR TUNNEL PROJECT

Support Services Manager Jason Jones provided the following information to the Board of Directors.

OID staff has been working with Condor Earth Technologies (Condor) over the course of the past few months on updating the contract documents and project plans for the South Main Canal Two Mile Bar Tunnel Project and felt that a brief update to the Board was prudent. One

of the tasks to be completed was updating the Engineer's Estimate of Probable Construction Costs of which in 2013 was estimated at \$14.8 million of which did not include OID staff time, tunnel spoil disposal costs, cost indexing of construction and biological monitoring. The updated estimate is as follows and includes a 5% contingency, not included is OID staff time and tunnel spoil disposal costs:

Construction Estimate	\$15.7
Construction Management & Quality Assurance (Condor)	\$ 1.4
Biological Monitoring (Bumgardner)	\$.3
Estimated Total	\$17.4 (Million)

The estimates above are based on a project duration of 21 months. Staff and Condor are working diligently to have this Project ready to go to bid in December 2016, award the bid in January 2017 with an anticipated Notice to Proceed for April 2017, with a potential early date of February 2017 based on how the successful contractor bids the job.

COMMUNICATIONS **ITEM NO. 15**

A. GENERAL MANAGERS REPORT

The General Manager advised the Board that the Bureau of Reclamation was interested in a Fall pulse flow release and if the Board is interested a Special Board Meeting would need to be scheduled for Friday, Saturday or Monday. After discussion by the Board Director Webb requested that a Special Board Meeting be scheduled for Monday, September 26, 2016 at 9:00 a.m.

General Manager Steve Knell read a statement that he prepared refuting the Modesto Bee article.

Safety Activities

1. OID has gone 595 days without a lost time injury accident.

Administration Activities

1. Please note that until further notice, OID meetings will be changed to the City Council Chambers.
2. WaterFix (Twin Tunnel Hearings) on-going in Sacramento.
3. The release of the revised Water Quality Control Plan (Unimpaired Flow Standard) from the State Water Resources Control Board should be out on September 15th.
4. Settlement discussions on the Stanislaus River to avoid the WQCP are being discussed as to the value of continuing.
5. OE3 labor negotiation meeting held September 13th.
6. Developing an Action Plan with the City to bring back to Ad Hoc Committee to address common core issues and resource sharing.
7. Attended the SJTA Commission meeting September 12th.

Legal Activities

1. Agee vs OID: Plaintiffs (Agee) lost in Superior Court. OID filed an appeal to recoup its attorney's fees. That hearing was held on September 13th in Fresno.
2. OID/SSJID vs the State Water Resources Control Board; this case is over the legal ability of the SWRCB to issue curtailment orders over senior water right holders, as was done in 2015. Awaiting court date.
3. OGA/Brichetto/Frobose vs. OID:
 - a) Trial set for early November.
4. OID vs Directors Santos and Altieri.
 - a. A Preliminary Injunction hearing is set for September 21st.

Construction Activities

1. C&M crews and equipment are currently working on maintenance activities and JSF's completed by Water Dept. staff.
2. Assisting Water Ops./Eng. Dept. with various tasks and field review of potential projects.
3. Conducting Safety Coordinator tasks pertaining to all hands training, Safety Committee meetings and review of weekly tailgate safety meetings.
4. Conducting Contract Administration tasks pertaining to contracts that need to be renewed and work releases that need to be completed with the assistance of Lori.
5. Conducting misc. landowner meetings in regards to capital projects and maintenance issues.
6. OID Pest Dept. continues to conduct magnacide applications to OID facilities to reduce aquatic growth issues.
7. Assisting Engineering Dept. in regards to the Two-Mile Bar Tunnel Project.
8. Working on preparing a draft Budget for the C&M Dept.

Water Operations Activities

Engineering

1. Continued to process Encroachment and Ag Discharge Agreements along with field inspection during installation of the associated facilities.
2. Staff continued to work with landowners requesting deferred conditions of approval agreements, encroachment agreements and easements in accordance to OID's requirements for continued irrigation on recently completed lot line adjustments and parcel split projects.
3. The ACOE easement documents for the proposed tunnel as well as the 2 Mile Bar access road were returned fully executed and are now in the process of being recorded at the Tuolumne County Recorder's Office.
4. ET monitoring stations are continuing to actively collect data as part of the 2016 ETAW monitoring and measurement program.
5. The next ESJGBA SGMA Work Group meeting is scheduled to be held on September 14th. A draft JPA agreement was assembled by the attorney group and provided by the workgroup for review after the last meeting. Valerie Kincaid is participating to protect OID's interests in this effort. Feedback on the draft has been requested on or before September 9th in preparation for subsequent discussions at the September meeting.
6. Staff continued mapping OID's proposed GSA boundaries in the ESJ GW Basin to meet the September deadline for a complete mapping of the basin by SJ County staff to ensure no overlaps exist. The required GSA hearing, resolution and final filing is

requested to be completed for each election being proposed by March 2017 to ensure any potential issues can be resolved prior to the June 2017 deadline.

7. A draft MOU regarding the proposed GSA formation in the Modesto Subbasin was presented at the September 8th STRGBA meeting. Comments from the STRGBA members are requested by October 7th such that the group can move forward with GSA election in early 2017.
8. A project status update on the PEIR for Implementation of the Stanislaus County Groundwater Ordinance was presented at the September 8th TAC meeting. Feedback has been requested by September 19th on the draft hydrologic modeling plan. Public scoping meetings on the PEIR are scheduled for the next regular WAC meeting on September 28th, TAC meeting on October 6th, and at the Harvest Hall at 6:30 P.M. on October 13th.
9. OID's LAFCO submittal of the Additional Annexations and Fringe Annexations was approved at the August 24th LAFCO meeting and protest proceedings were waived. A Certificate of Completion will be provided by LAFCO after a 30-day posting period. At that point the final terms for the Annexation Agreements will be presented for Board approval along with a Resolution Ordering Annexation.
10. City staff continued to address a series of questions on the draft City of Oakdale Out of Boundary Service Agreement with OID on behalf of ID 41. Once these questions have been answered the agreement will be provided to the ID 41 membership for approval to proceed.
11. Condor staff has provided an updated draft cost estimate for the Two Mile Bar Tunnel Project, and will proceed with updating the draft construction drawings and contract document as necessary based on feedback provided by OID staff.
12. Staff continued the surveying, design, cost estimates and drafting of plans for 2016/17 winter work projects.

Aq Water

1. The final round of volumetric water delivery tracking will close on October 31st.
2. OID's application for the TCC Expansion Project made the cut for the draft awards list. Approximately \$2.97 million in grant funding for the total \$6.5 million project will potentially be made available to OID. The public comment period closed on September 14th. The final awards list is anticipated to be posted sometime in the next few months.
3. The last rotation of the 2015/16 water year started on or about September 15th and will be a 16-day rotation. Two additional rotations will be offered in October starting on October 1st. The first rotation will be a 16-day rotation which will allow the final rotation in 2017 to start on or about October 17th.

Water Utilities

1. Improvement District No. 41:
 - Pumping Station No. 3 remains out of service due to high turbidity issues.
2. Domestic Water Pumping Stations:
 - Monthly Coliform Bacteria samples were taken on Thursday September 8th. No problems were detected.
 - All Domestic Water Pumping Stations that are in service are operational.
3. Domestic Water Systems:
 - All water systems are operating without restrictions.

- Performed quarterly blow-off valve exercising.
 - WUD has continued to test all backflow devices in accordance with our Cross Connection Control Policy.
 - Conducted inspections of all well head seals and continuing to replace them as needed.
4. On-Call Activities:
 - There are zero call outs to report.
 6. Knights Ferry Pumping Station:
 - a. The Knights Ferry Pumps are de-activated. The Treatment Plant is on surface water.
 7. Irrigation Pumping Stations:
 - All of OID Ag pumps are operational.
 - WUD has been performing weekly routine inspection, servicing and security checks on the irrigation pumping stations. There was nothing unusual or out of the ordinary to report.

Finance Activities

1. Working of 2017 draft budget.
2. Preparation of the domestic and ag improvement district annual budget review and rate setting information. Meetings are set for the week of September 26th to meet with the 5 domestic improvement district committee members.
3. Bond closing completed on 9/8/16.
4. Attended ID52 Appellate Hearing on 9/13.
5. Assisted GM in OE3 meet and confer on 9/13.

B. COMMITTEE REPORTS

There were no committee reports.

C. DIRECTORS' COMMENTS/SUGGESTIONS

Director Doornenbal

Director Doornenbal had no comments.

Director Osmundson

Director Osmundson had no comments.

Director Webb

Director Webb had no comments.

Director Santos

Director Santos responded to the General Manager's statement that he read.

Director Altieri

Director Altieri responded to the General Manager's statement that he read.

At the hour of 7:41 p.m. the meeting adjourned to Closed Session.

CLOSED SESSION
ITEM NO. 16

A. Government Code §54957.6 - Conference with Labor Negotiator

Agency Negotiator: General Manager

Represented Employee: Operations Employees (OE3)

B. Government Code §54956.8 Conference with Real Property Negotiator

Negotiating Parties: State of California (CFW, CDFA)

Property: Water as it relates to Stanislaus River Settlement
Discussions

Agency Negotiators: General Manager and Water Counsel

Under Negotiations: Terms

Director Santos and Altieri left Closed Session.

C. Government Code §54956.9(d)(1) - Existing Litigation

Oakdale Irrigation District v. Linda Santos, Gail Altieri, et al.

*Oakdale Groundwater Alliance; Frobose; Brichetto, et al. v. Oakdale
Irrigation District, et al.*

At the hour of 8:30 p.m. the meeting returned to open session.

Coming out of Closed Session, Director Webb stated that there was no reportable action.

OTHER ACTION
ITEM NO. 17

The meeting was adjourned at the hour of 8:30 p.m. The next Regular Board Meeting of the **Oakdale Irrigation District Board of Directors** is scheduled for **Tuesday, October 4, 2016 at 9:00 a.m.** in the **City of Oakdale Council Chambers, 277 N. Second Avenue, Oakdale, CA.**

The next Joint Board Meeting of the **South San Joaquin and Oakdale Irrigation Districts** serving the **Tri-Dam Projects** and **Tri-Dam Authority** and other joint business matters is scheduled for **October 20, 2016 at 9:00 a.m.** in the board room of the South San Joaquin Irrigation District, 11011 East Highway 120, Manteca, CA.

Steve Webb, President

Attest:

Steve Knell, P.E., Secretary