

MINUTES

Oakdale, California
July 18, 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 9:15 a.m. Upon roll call, there were present:

Directors: Steven A. Webb, President
Jack D. Alpers
Frank B. Clark
Tony Taro

Staff Present: Steve Knell, P.E., General Manager/Secretary
Kathy Cook, Chief Financial Officer
Gary Jernigan, Support Services Manager
Kevin King, Water Operations Manager

Also Present: Tim O'Laughlin, Esq.
Michael Ijams, Esq.
Katherine Boyd

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 9:15 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

Grover Francis had a question as to whether or not there were other qualifications required outside of the normal qualifications of residing in the district, being a registered voter, and owning property in the Division of the vacancy. He also asked if there was more than one applicant would there be an election. President Steve Webb stated that there was not another set of criteria and that the vacancy would be filled by an appointment.

Public Comment was closed at 9:18 a.m. and the Board Meeting continued.

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

General Manager, Steve Knell, stated that Consent Item No. 7 was pulled from the calendar.

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS'
MINUTES OF THE SPECIAL MEETING
OF JULY 5, 2006 AND RESOLUTION NO. 2006-34

A motion was made by Director Clark, seconded by Director Taro, and unanimously supported to approve the Board of Directors' Minutes of the Special Meeting of July 5, 2006 and Resolution 2006-34.

ITEM 3
APPROVE OAKDALE IRRIGATION
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 5
APPROVE THE TREASURER AND
CHIEF FINANCIAL OFFICER'S REPORT
FOR THE MONTH ENDING JUNE 30, 2006

A motion was made by Director Clark, seconded by Director Taro, and unanimously supported to approve the Treasurer and Chief Officer's Report for the month ending June 30, 2006.

ITEM NO. 6
APPROVE THE GENERAL SERVICES
CONTRACTS FOR VARIOUS VENDORS AND CONTRACTORS

A motion was made by Director Clark, seconded by Director Taro, and unanimously supported to approve the General Services Contracts for various vendors and contractors.

ITEM NO. 17
COMMUNICATIONS

C. Committee Reports

Director Alpers reported on the Water/Engineering Committee Meeting that took place on Monday, July 10, 2006 which involved developers from the City of Riverbank concerning drainage issues. He stated that ideas were exchanged between the parties and OID Staff will be addressing the issues.

D. Directors' Comments/Suggestions

Director Alpers

Director Alpers stated that he would like to respond to the letter that he read in the Oakdale Leader and stated:

The comments were a long, lengthy dissertation about OID. A comment was made that we have contempt for our employees, tax payers, and water users. No examples were given and I would have to take a "show me attitude". The irrigation district according to the writer should be serving the sphere of influence. The District was formed in 1909 and the sphere of influence did not come in until the Constitution of California was changed in the sixties. OID was formed to serve its constituents first, other areas second. He goes on to state Steve Knell's job at Imperial, and he goes on and on about water rights, selling water, etc. Actually Steve Knell's job down there had absolutely nothing to do with water rights. He was in environmental issues. It is not true when he uses IID as a quote and I have no idea where he got it. He continues – the Water Resource Plan and what we should be doing for the sphere of influence. Our focus, and this has been said twenty times in these meetings, is upgrading our constituent system and repairing other items are secondary. We have a commitment to our constituents who have paid taxes for ninety years to take care of their problems before we worry about other problems. He continues, CH2M Hill has recommended that we plunge OID into debt – this is pure nonsense. It is highly probable that the 20 year \$168 million dollars can be handled by cash flow. This item where he states \$3,000 per acre of debt for OID – pure stupidity. He goes on to compare OID to Owens Valley. By the way my grandparents lost their ranch in Owens Valley so I think that I know quite a bit about it. There is a world of difference between a permanent water right sale and temporary sale of water to create income to repair the District and to compare the two is just ludicrous. I don't even understand where the logic comes from. Then he continues 17,000 acre feet more is going to be sold. I have no idea where he got this it is just another showing of literary incompetence as far as I am concerned. Then he continues MID and TID are superior districts. You should be following in their footsteps, they are wonderful. First of all, they do sell water, they are both deep in debt. OID is debt free. We charge less for our water; in fact, nobody has cheaper water in the western United States. Our balance sheet is quite intact. MID lost \$37 million dollars last year which I noted the writer was apparently unaware of while OID made \$4 million. If we operated like MID we would be bankrupt in 118 days. Our writer having attended meetings for 6 years could well afford to be more truthful and accurate. To me it is very obvious that

this letter was written by a vindictive individual with the need that is only outweighed by his ignorance and stupidity about our District. Thank you Mr. President for my time.

Director Clark

Director Clark had no Director's comments.

Director Taro

Director Taro stated that he received a notification from the General Manager that stated he was the only Director that did not attend the required training. He stated that he did attend the required training and that there was a certificate issued for these seminars that should have been received by the District. Director Taro stated that he did not receive a letter from the District stating that the certificates were received and apologizing for the mistake.

Director Webb

Director Webb asked if we were keeping up with the water supply now that the weather has been so hot. General Manager Steve Knell stated that we are running everything at capacity and are on ten day rotations and will probably stay on ten day rotations until early August when the heat breaks.

ACTION ITEMS **ITEMS NO. 8, 9,**

ITEM NO. 8 **REVIEW AND TAKE POSSIBLE ACTION ON** **REQUEST FOR VARIANCE ON OID** **EASEMENT REQUIREMENTS (APN: 207-029-012 – FROST)**

Oakdale Irrigation District (OID) processed a California Environmental Quality Act (CEQA) response to the San Joaquin County Development Services Division regarding a proposed parcel split on the Frost property, APN noted above. The response included providing the county with a copy of the OID Subdivision Parcel Map Policy, a project site map and a letter discussing the requested conditions of approval for the project. The October 26, 2005 response letter to San Joaquin County is attached for your review. OID has three (3) facilities located on and along the project site; the Chappel Pipeline, which is located within an existing easement, Lone Tree Creek and the Miller Drain. OID standard easements were requested for Lone Tree Creek and the Miller Drain. OID Engineering Department staff has been coordinating the development of the parcel map for this project with Aspen Survey and the attached email to OID General Manager Steve Knell explains the process to date.

Mr. and Mrs. Frost wrote a letter to OID General Manager Steve Knell, copy attached, requesting that the Miller Drain easement be eliminated as a condition of approval for their project. The centerline for the Miller Drain was surveyed by Aspen Survey and found to be six (6) feet east of the east property line of the project site. Therefore the required

easement width on the Frost property would be twenty four (24) feet, which OID staff recommends.

During the process of land subdivisions, it is the last opportunity an irrigation district has to make parcels fully compliant with the policies of the district. The full 30-feet of easement is the policy standard and is the minimum width acceptable for maintenance and construction purposes OID needs to do its work.

Mr. and Mrs. Frost were present at the hearing.

After a discussion by the Board, a motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to deny their request for a variance in the OID easement requirements and allow an encroachment permit as needed on the Frost property (APN: 207-019-012).

ITEM NO. 9
REVIEW AND TAKE POSSIBLE ACTION
ON REQUEST FOR VARIANCE TO
SUBDIVISION POLICY (APN: 010-048-027 – TRUHETT)

Nearly a year ago the OID processed a subdivision request it received from Stanislaus County to create 3 parcels of 5.01 acres and one parcel of 8.18 acres on a 23.21 acre parcel owned by the Truhetts. OID informed the Truhetts of its acreage minimum of 10 acres per policy for the continuation of water delivery and as well as other policy requirements. OID heard nothing on this subdivision until the Truhetts submitted a letter on July 13th requesting 4 variances and to present their concerns to the Board.

General Manager, Steve Knell, requested that this matter be deferred until the next Board Meeting due to the fact that staff has not had adequate time to respond to the request. President Webb stated that he felt there was no problem in providing water to the parcels as long as there was one person in charge of the water. President Webb further stated that he would like the Water Committee to go out and look at the drain.

A motion was made by Director Clark, seconded by Director Taro, and unanimously supported to refer this matter to the Water Committee.

DISCUSSION ITEM
No. 15

ITEM NO. 15
DISCUSSION/PRESENTATION BY
HIGHMARK CAPITAL MANAGEMENT, INC.

Cori Farwell with Highmark Capital Management, Inc. presented the second quarter investment portfolio for 2006.

ACTION ITEMS
ITEM NOS. 10, 11, 12

ITEM NO. 10
REVIEW AND TAKE POSSIBLE ACTION
AUTHORIZING GENERAL MANAGER TO
EXECUTE SERVICE AGREEMENT WITH OCCU-MED

On March 21, 2006, the Board of Directors approved withdrawal from the ACWA/JPIA Workers' Compensation Program and enrollment in Special District Risk Management Authority (SDRMA) Workers' Compensation Program. As part of their workers' compensation insurance program ACWA/JPIA provided the services of Occu-Med. This service is not available through SDRMA.

Occu-Med provides the District with pre-employment entry medical standards for all job classes which includes the development of appropriate sampling plans, on-site analysis and survey of job classes, data collection and analysis, and the development and drafting of Job Profiles and Medical Exam Components Profiles. Occu-Med also provides pre-placement medical examination procedures and makes recommendations for modifications necessary to insure the legal defensibility and efficiency of the pre-placement medical examination process.

The District feels that the services of Occu-Med are very valuable to the District and request that the Board authorize the General Manager to enter into a Services Agreement with Occu-Med to continue these services. The cost for said services is \$1.50 per employee quarterly.

A motion was made by Director Webb, seconded by Director Clark, and unanimously supported to authorize the General Manager to execute the Service agreement with Occu-Med.

ITEM NO. 11
REVIEW AND TAKE POSSIBLE ACTION ON RESOLUTION
ORDERING ANNEXATION (APN: 010-9011-033 – GOLDEN WEST NUTS)

The Oakdale Irrigation District (OID) has received the recorded Certificate of Completion document from the Local Agency Formation Commission (LAFCO) for the Change of Organization to the OID for the Verburg, Haydn-Myer and Golden West parcels (copy attached). The last step of the annexation process was to submit payment for any and all associated annexation fees. Attached please find a copy of the Golden West Nuts, Inc. Annexation Agreement and the proposed Resolution Ordering Annexation, which, when recorded, will complete the process for annexation to the OID.

The Golden West Nuts, Inc. Annexation Agreement has a Schedule "D" - Annexation Fee and New Capital Charge Payment Schedule and Terms attached for your review and approval. Golden West Nuts Inc. is proposing to amortize the Annexation Fees over a nine (9) year period. Staff is recommending a five year period.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the Resolution Ordering Annexation and to amortize the annexation fees over a five (5) year period at six percent (6%) annually.

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION ON RESOLUTION
ORDERING ANNEXATION (APN: 010-40-004 – HADYN MYER)

The Oakdale Irrigation District (OID) has received the recorded Certificate of Completion document from the Local Agency Formation Commission (LAFCO) for the Change of Organization to the OID for the Verburg, Haydn-Myer and Golden West parcels (copy attached). The last step of the annexation process was to submit payment for any and all associated annexation fees. Attached please find a copy of the Haydn-Myer Annexation Agreement and the proposed Resolution Ordering Annexation, which, when recorded, will complete the process for annexation to the OID.

The Haydn-Myer Annexation Agreement has a Schedule "D" - Annexation Fee and New Capital Charge Payment Schedule and Terms attached for your review and approval. Mr. Haydn-Myer is proposing to amortize the Annexation Fees over a five (5) year period. Staff is also recommending a five (5) year period.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the Resolution Ordering Annexation and to amortize the annexation fees over a five (5) year period at six percent (6%) annually.

DISCUSSION ITEMS
ITEM NOS. 13, 14, 16

ITEM NO. 13
DISCUSSION/PRESENTATION BY STAFF AND
CH2M HILL ON PEIR AND OPTIONS FOR
FINANCING THE WRP OVER THE NEXT FIVE (5) YEARS

A presentation will be made on the financial and construction needs of the OID over the next 5 years as they related to the implementation of certain elements of the Water Resources Plan. Of discussion will be the financing options the Board may wish to consider and any direction it may wish to give Staff in pursuit of a particular option.

Greg Eldridge of CH2M Hill presented three (3) financing options for the Board's consideration and direction.

Attorney Tim O'Laughlin, Water Counsel discussed the issues and roadblocks associated with the three (3) options.

President Webb requested that the Ad Hoc Committee on the WRP meet and make a list of variables that have to be looked at regarding sales and transfers of water.

ITEM NO. 14
DISCUSSION ON BUSINESS ITEMS
AS THEY APPEAR ON THE TRI-DAM
BOARD AGENDA FOR THURSDAY, JULY 20, 2006

General Manager, Steve Knell, stated that Tri-Dam has included in its Board packet for the July 20, 2006 meeting the revised Resolution that was submitted by OID for use in disbursement of funds.

ITEM NO. 16
DISCUSSION ON AGREEMENT TO
SET-UP BORROW PIT AND PURCHASE DIRT

Presently, OID operates a borrow pit on Bill Harvey's property located east of Claribel Road off Ellenwood Road. The agreement with the Harvey's has been in place since 1986. In May of this year Mr. Harvey requested the OID to cease its operations effective August 1, 2006.

Outright purchases of dirt cost OID approximately \$5-\$10/yard. Staff has solicited other landowners in the recent past for interest in a long term dirt deal. Although we get offers, there are usually excessive demands placed on these offers by the landowners that make these deals not viable.

Staff has had some interest from Jim Cozort on Orange Blossom and Rodden Road. He has 800 acres of a variety of materials, inclusive of rock, gravel, sand and fill dirt. From geotech work conducted as a result of the Highway 120 bypass evaluation, the estimated quantity available is 80 million yards. Mr. Cozort is working with an investor to develop the property and has offered to enter in to a long term agreement with OID to purchase material with some basic contract terms. Attached is a summary of those terms.

At the hour of 11:16 a.m., a motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to move to Closed Session.

CLOSED SESSION
ITEM NO. 8

1. Closed Session to discuss the following:
 - A. Government Code §54957.6 Conference with Agency Negotiator**
Agency Negotiator: Katherine Boyd
Unrepresented Employees: Operating Engineers Local Union No. 3
 - B. Government Code §54956.9 (b) Conference with Legal Counsel – Anticipated Litigation**
Pending Case: Friant Settlement

At the hour of 12:25 p.m. a motion as made by Director Clark, seconded by Director Webb, and unanimously supported to move to open session.

General Manager, Steve Knell, stated that there were no other reportable actions following closed session.

ITEM NO. 17
COMMUNICATIONS

A. General Manager's Report on Status of OID Activities

General Manager, Steve Knell, stated that July 21, 2006 is the last day for applicants to submit applications for the vacancy and there will be a Special Board Meeting on Tuesday, July 25, 2006 to conduct interviews and possibly appoint an applicant to this vacancy.

OTHER ACTION
ITEM NO. 19

At the hour of 12:36 p.m. a motion was made by Director Alpers, and seconded by Director Clark, and unanimously supported to adjourn to the next **regular Board of Director's Meeting** to be held on **Tuesday, August 1, 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, July 20, 2006, at 9:00 a.m.** in the Board Room of the South San Joaquin Irrigation District, 11011 East Highway 120, Manteca, CA.

Steven A. Webb, President

Attest:

Steve Knell, P.E., Secretary