

## **MINUTES**

Oakdale, California  
January 6, 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  
Steve Webb  
Frank B. Clark  
Tony Taro

Staff Present: Steve Knell, P.E., General Manager/Secretary  
Kevin King, Water Operations Manager  
John Davids, District Engineer  
Kathy Cook, Chief Financial Officer  
Gary Jernigan, Contract/Special Projects Manager  
Jason Jones, Support Services Manager

Also Present: Tim O'Laughlin, Esq.

### **ADDITION OR DELETION OF AGENDA ITEMS**

There were no additions or deletion 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**

There was no public comment and public comment closed at 9:01 a.m.

Director Clark requested that Item Number 10 be pulled from the Consent Calendar.

**CONSENT ITEMS**  
**ITEM NOS. 2, 3, 4, 5, 6, 7, 8, 9**

**ITEM NO. 2**  
**APPROVE THE BOARD OF DIRECTORS' MINUTES**  
**OF THE REGULAR MEETING OF DECEMBER 16,**  
**2008 AND RESOLUTION NO. 2008-65**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of December 16, 2008 and Resolution Nos. 200-65.

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

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

**ITEM NO. 4**  
**APPROVE CHIEF FINANCIAL OFFICER'S REPORT**  
**FOR THE MONTH ENDING NOVEMBER 30, 2008**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve Chief Financial Officer's Report for the month ending November 30, 2008.

**ITEM NO. 5**  
**APPROVE RESOLUTION REGARDING APPLICATION FOR A**  
**GRANT FROM THE UNITED STATES BUREAU OF RECLAMATION**  
**CHALLENGE GRANT PROGRAM: WATER MARKETING**  
**AND EFFICIENCY GRANTS FOR FISCAL YEAR 2009**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve the Resolution Regarding Application for a Grant from the United States Bureau of Reclamation Challenge Grant Program: Water Marketing and Efficiency Grants for Fiscal Year 2009.

**ITEM NO. 6**  
**APPROVE ABANDONMENT OF A PORTION**  
**OF THE COMETA DRAIN AND REIMBURSEMENT**  
**OF ENCROACHMENT AGREEMENT APPLICATION**  
**FEES (APN: 207-012-002 – te VELDE)**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve the Abandonment of a portion of the Cometa Drain and reimburse the Encroachment Agreement Application Fee of \$250 (APN: 207-012-002 – te Velde).

**ITEM NO. 7**  
**APPROVE WORK RELEASE TO PROFESSIONAL**  
**SERVICES AGREEMENT 2008-PSA-008 TO GIULIANI**  
**AND KULL FOR GENERAL ENGINEERING AND DESIGN SERVICES**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve the Work Release to Professional Services Agreement 2008-PSA-008 to Giuliani and Kull for general engineering and design services.

**ITEM NO. 8**  
**APPROVE WORK RELEASES TO PROFESSIONAL SERVICES**  
**AGREEMENT 2006-PSA-003 TO PROVOST AND**  
**PRICHARD FOR GENERAL ENGINEERING AND DESIGN SERVICES**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve the Work Releases to Professional Services Agreement 2006-PSA-003 to Provost and Prichard for general engineering and design services.

**ITEM NO. 9**  
**APPROVE AMENDMENT NOS. 02 AND 03 TO WORK RELEASE**  
**NO. 05 TO PROFESSIONAL SERVICES AGREEMENT**  
**2006-PSA-006 TO CH2M HILL FOR CEQA AND ENVIRONMENTAL PERMITTING**

A motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to approve Amendment Nos. 02 and 03 to Work Release No. 05 to Professional Services Agreement 2006-PSA-006 to CH2M Hill for CEQA and Environmental Permitting.

**ACTION ITEMS**  
**ITEM NO. 10, 11**

**ITEM NO. 10**  
**APPROVE REQUEST AUTHORIZING GENERAL MANAGER**  
**TO EXECUTE ALL WORK RELEASES TO PROFESSIONAL**  
**SERVICES AGREEMENTS FOR GENERAL ENGINEERING**  
**AND CONSTRUCTION MANAGEMENT SERVICES FOR 2009**

Director Clark stated that the District allows for up to \$500,000 in General Engineering and Construction Management Services and asked about the District's current policy under this request. General Manager Steve Knell explained that this amount is inclusive of project support for construction contracts approved by the Board (inspection, testing, management, etc.). We have established Professional Service agreements in place, which are Board approved agreements as well, to do all this support.

What the authorization allows is the GM to execute these PSA's for project support without coming back to the Board, as it has in the past, four or five times, just to get a Board approved project to the construction phase.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the request authorizing the General Manager to execute all Work Releases to Professional Services Agreements for general engineering and construction management services for 2009 up to \$500,000.

**ITEM NO. 11**  
**REVIEW AND TAKE POSSIBLE ACTION TO**  
**CANCEL THE BOARD OF DIRECTORS MEETING**  
**OF THE OAKDALE IRRIGATION DISTRICT ON FEBRUARY 3, 2009**  
**AND SCHEDULE A SPECIAL BOARD MEETING ON FEBRUARY 2, 2009**

The Board of Directors are registered to attend the California Irrigation Institute Seminar scheduled for February 3 - 4, 2009 in Sacramento. Therefore, it is necessary to cancel the Board Meeting for February 3, 2009 and schedule a Special Board Meeting for February 2, 2009.

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to cancel the Board of Directors Meeting of the Oakdale Irrigation District on February 3, 2009 and schedule a Special Board Meeting on February 2, 2009.

**DISCUSSION ITEM**  
**ITEM NO. 12**  
**DISCUSSION OF BOND CREDIT RATING**  
**AND POTENTIAL TAX EXEMPT BOND ISSUANCE**

As previously discussed, the District's Water Resource's Plan (WRP) anticipates over the next 20 years investing \$124M on rehabilitation and improved service projects, such as:

- Additional flow-control and measurement structures
- Additional groundwater wells
- A north-side regulating reservoir
- Accelerated irrigation service turnout replacements
- Drain water reclamation projects

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).

Why finance infrastructure rehabilitation and improvement projects?

1. Financing allows for long-term borrowing that the District can use to raise money for long-lived infrastructure assets such as those identified above.
2. The interest that the District would pay to investor(s) on bonds is exempt from their federal and state taxes, which makes the interest costs less than it otherwise would be.

3. Financing provides a rationale for spreading the costs of infrastructure over time for different generations of payers benefiting from the District's facilities.
4. Financing allows the District to preserve cash reserves which are critical to a strong credit rating; which in turn lowers the cost of financing.

At the September 2, 2008 Board meeting staff was instructed to obtain a bond rating for a potential tax-exempt bond issue. On December 15, 2008, Steve Knell, Kathy Cook, Steve Felte, Frank Soriano with Sutter Securities, and Michael Engelbrecht with Wells Fargo Institutional Securities gave a presentation to Standard & Poors and Moodys rating agencies. The District received a very strong rating from Standard & Poors of *Double A minus (AA-)* rating, considered to be a "High Grade" credit rating.

Michael Engelbracht was present and gave a presentation on Proposed CIP Financing. Frank Soriano with Sutter Securities was also present for questions.

Director Clark recommended that the Finance Committee meet and come up with recommendations to be presented to the Board of Directors at the next Board Meeting.

## **COMMUNICATIONS** **ITEM NO. 12**

### **A. GENERAL MANAGERS REPORT**

#### **Safety Activities**

1. 22 days without a lost time injury accident.
2. Employee recently injured was released and then re-admitted to the hospital. We understand he has returned home again.

#### **Administration Activities**

1. Legal issues and pending cases consuming time.
2. Drill Tech, OID's contractor on the Cape Horn Tunnel, performed about two days of overtime work on the Cape Horn Tunnel. A Change Order will be forthcoming on this work.
3. Minor schedule changes in the delivery schedule for SEWD transfer water. Coordinating with SSJID.

#### **Contract and Special Project Activities**

1. OID's General Counsel is reviewing documents transmitted to him on December 2, 2008. Questions are being answered as they are generated by counsel for the RTC back charge recovery from the bonding agency. Also, RTC has sent a letter offering to install the Lubber's bridge at the attorney's request for credit on his back charge.
2. Cape Horn Tunnel – Drill Tech has completed 95% of the Downstream Contract work and 90% of the Upstream Contract work as of December 29, 2008. Drill Tech worked during the Christmas and New Years holiday week at no cost to OID. Substantial Completion of the Tunnel Work is scheduled for January 12, 2009.
3. Little John Creek Dam Project – Teichert Construction has installed the new gates with the electrical work for the gates and controls in progress and will be completed on

January 9, 2009. 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 9, 2009 primarily due to the galvanizing of structural steel.

4. Riverbank/South Main - Sierra Mountain completed the excavation for the Diversion Structures. Slabs for these structures were formed and poured. The walls are being formed with the pours scheduled January 9, 2009. Fencing is progressing along the right of way. Punch List is being assembled now for the completion. Project is scheduled for completion on January 23, 2009.
5. Fairbanks/Cometa Control Structure Rehabilitation – Teichert Construction has completed the Diversion Structure slab pour. Teichert has installed the rebar and formed the walls for this structure. Concrete was poured on December 31, 2008. Rip Rap will be placed during the week of January 5, 2009. Preliminary Punch list has been developed and transmitted to the Contractor. Project is scheduled for completion on or before January 15, 2009.
6. Fairbanks/SSJID Main – Preston Pipeline/Cunningham completed forming and pouring the Wingwalls. Stripping started with completion schedule for December 31, 2008. Backfilling scheduled to start January 5, 2009 with control structures being constructed for completion on January 23, 2009. The 60” RCP will be installed with the remaining backfill to be completed on February 19, 2009.
7. 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 “Buckets” were opened over the last rain just before Christmas and with no evidence of Salamanders being observed.
8. Contract Administration activities on issued contracts to be renewed and/or issued, Work Releases and Change Orders for all contracts.
9. Project coordination with Engineering Consultants.

### **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. #0845 Dry Creek/South Structure Rehabilitation-90%complete.
6. #0848 Albers I/II Structure Rehabilitation-90% complete.
7. #0839 Wills Lateral-Turnout Replacement-95% complete
8. #0852 Van Norman Pipeline-Pipeline Replacement- 80% complete
9. #0851 Consoli Pipeline-Pipeline Replacement-100% complete
- 10.#0850 Woods Pipeline-Gate Replacement-100% complete

### **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. Grant Deeds for the North Side Reservoir property acquisition were recorded on 12/17/08. 404 Application was submitted to Corp on 12/22/08. Preliminary design has been started and additional survey information is being acquired. Final design to be completed by late May or early June 2009.
8. Conde's CEQA package is complete. Waiting for compliance with three (3) outstanding conditions of approval before the package will be taken to the Board for approval and subsequently sent to LAFCO for their review.
9. V.A. Rodden Agreement was signed by Mr. Bill Jackson on 12/19/08. Met with P&P and Mike Burden on Phases II and III. I will be setting up a meeting in January to discuss the project in more detail and get P&P going on future phases.
10. DRAFT Settlement Agreement for the Lubbers complete and sent to their attorney, Carl Combs for review. Mike Ijams coordinating project at this time.
11. Estimate received from W.C. Maloney for Cahoon Project cleanup.
12. Met with John Brichetto on 12/22/08 to discuss rehabilitation of the Brady Pipeline.
13. Working on Goad Construction Issues with Jason Jones, Support Services Manager.
14. Assisting P&P on the Challenge Grant Application.
15. Prepared response to Stanislaus County regarding the Willms Ranch Subdivision Tentative Map.

## **B. COMMITTEE REPORTS**

### Finance Committee Meeting, Monday, January 5, 2009

- Bond Credit Rating and Potential Tax Exempt Bond Issues

This item was covered under Discussion Item No. 12.

## **C. DIRECTORS' COMMENTS/SUGGESTIONS**

### Director Webb

Director Webb had no comments.

### Director Clark

Director Clark had no comments.

### Director Bairos

Director Bairos had no comments.

### Director Taro

Director Taro had no comments.

### Director Alpers

Director Alpers stated that the economy is weird and there are chances of inflation and deflation. Natural gas has dropped a lot and it directly affects the price that we receive

from Tri-Dam. He stated that we need to be careful with our prediction of Tri-Dam revenues. Director Alpers also stated that he thinks that the District needs to think about the possibility of employees sharing in the retirement contribution.

At the hour of 11:26 a.m. the Board of Directors went into closed session.

**CLOSED SESSION**  
**ITEM NO. 14**

1. Closed Session to discuss the following:

- A. Government Code §54956.9 Existing Litigation**  
(1) *Steve Fields v. Oakdale Irrigation District*
- B. Government Code §54956.9(b) Anticipated Litigation**  
One (1) Case

At the hour of 11:05 a.m. the Board returned to open session.

Coming out of Closed Session the General Manager reported that staff was instructed to notify RTC that the District accepts his settlement offer.

**OTHER ACTION**  
**ITEM NO. 15**

At the hour of 11:05 a.m. the meeting was adjourned. The next Regular Board Meeting of the **Oakdale Irrigation District Board of Directors** is scheduled for **Tuesday, January 20, 2009 at 9:00 a.m.** in the board room at 1205 East F Street, Oakdale, CA.

The next Joint Board Meeting for the **Tri-Dam Project** is scheduled for **Thursday, January 15, 2009 at 9:00 a.m.** in the board room of the Oakdale Irrigation District, 1205 East F Street, Oakdale, CA.

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Jack D. Alpers, President

Attest:

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Steve Knell, P.E., Secretary