

MINUTES

Oakdale, California
November 18, 2014

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. The following Directors were present:

Directors: Steve Webb, President
Herman Doornenbal, Vice President
Frank Clark

Absent: Jack D. Alpers
Al Bairos, Jr.

Staff Present: Steve Knell, General Manager/Secretary
Kathy Cook, Chief Financial Officer
Gary Jernigan, Contract/Special Projects Manager
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.

At the hour of 9:01 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

Tom Orvis from the Stanislaus County Farm Bureau stated that the Farm Bureau would be hosting their Spray Safe Event which will be held on Thursday, November 20, 2014 at the Stanislaus County Agricultural Center.

There being no further public comment, public comment closed at 9:03 a.m.

HEARING CALENDAR

ITEM NO. 2
PUBLIC HEARING AND CERTIFICATION OF VOTE
OF IMPROVEMENT DISTRICT NO. 41 MEMBERSHIP
TO APPROVE ELECTION OF COMMITTEE MEMBERS

The vote of ID41 for the Election of Committee Members is being submitted to the Board for certification.

Chief Financial Officer Kathy Cook was present and stated that Improvement District No. 41 Membership voted to elect the following Committee Members:

Mike Barry
Dan Langford
Joni McGinnis

A motion was made by Director Clark, seconded by Director Doornenbal, to certify the vote of Improvement District 41 Membership and approve the election of the following Committee Members:

Mike Barry
Dan Langford
Joni McGinnis

CONSENT ITEMS
ITEM NOS. 3, 4, 5, 6, 7, 8, 9, 10, 11

ITEM NO. 3
APPROVE THE BOARD OF DIRECTORS' MINUTES OF THE
REGULAR MEETING OF NOVEMBER 4, 2014 AND RESOLUTION
NOS. 2014-74, 2014-75, 2014-76, 2014-77 2014-78, AND 2014-79

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of November 4, 2014 and Resolution Nos. 2014-74, 2014-75, 2014-76, 2014-77, 2014-78 and 2014-79.

ITEM NO. 4
APPROVE THE OAKDALE IRRIGATION
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 5
APPROVE IMPROVEMENT
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 6
APPROVE TREASURER AND CHIEF FINANCIAL
OFFICER'S REPORT FOR THE MONTH ENDING OCTOBER 31, 2014

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve the Treasurer and Chief Financial Officer's Report for the month ending October 31, 2014.

ITEM NO. 7
APPROVE ANNUAL RENEWAL OF SECTION 125 PLAN WITH
REDWOOD HEALTH SERVICES EFFECTIVE JANUARY 1, 2015

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve the renewal of Section 125 plan with Redwood Health Services effective January 1, 2015.

ITEM NO. 8
APPROVE ASSIGNMENT OF
CAPITAL WORK ORDER NUMBERS

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve the following assignment of Capital Work order Numbers:

<u>Facility</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Work Order No.</u>
Thompson Lateral	Remove and upgrade turnout structure and construction of a standard drop structure with a 4' weir, one 24" Fresno 101C slide gate, hand railing and grating.	\$72,000	2014-081
Fairbanks Lateral	Remove and upgrade turnout with a new 24" constant head orifice turnout, including a 24" Fresno 101C slide gate and a 24" square Fresno fabricated gate.	\$25,300	2014-082
Lower Cometa Pipeline	Remove and upgrade inlet structure with 120' of 36" rubber gasket reinforced concrete pipe, one standard drop structure, a 24" Fresno 101C slide gate, air vent assembly and OID standard trash rack.	\$90,000	2014-083

ITEM NO. 9

**APPROVE REJECTION OF CLAIM
FILED BY WARREN AND JEAN BAIZE**

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to reject the claim filed by Warren and Jean Baize and forward it to ACWA/JPIA for handling.

ITEM NO. 10
**APPROVE EXTENSION OF COMPLIANCE
DEADLINE OF SETTLEMENT AND RELEASE
AGREEMENT (APN: 002-063-027 – MANGANTE)**

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve a one (1) year extension of the compliance deadline of the Settlement and Release Agreement (APN: 002-063-027 – Mangante).

ITEM NO. 11
**APPROVE ENCROACHMENT PERMIT ON THE
CRANE PIPELINE (APN: 063-025-007 – COMCAST)**

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve the Encroachment Permit on the Crane Pipeline (APN: 063-025-007 – Comcast).

ACTION ITEMS
NOS. 12, 13, 14, 15, 16, 17

ITEM NO. 12
**REVIEW AND TAKE POSSIBLE ACTION TO ADOPT A
RESOLUTION APPROVING ESCROW INSTRUCTIONS AND MAKING CERTAIN
DETERMINATIONS RELATING TO AND AUTHORIZING CERTAIN OTHER
ACTIONS IN CONNECTION WITH DEFEASANCE OF INSTALLMENT PAYMENTS**

The continuance of drought may present the District with reductions in revenue due to lower wholesale power generation and the lack of water transfers. The attached Resolution is being submitted as a measure to insure that the District meet its bond rate covenant in 2015.

The rate covenant is calculated against Installment Payments “coming due and payable during such Fiscal Year.” Section 6.03 of the District’s Installment Purchase Contract allows the District to defease all or a portion of the Installment Payments by depositing in trust with the Trustee, under an escrow agreement, cash or federal securities sufficient to make that applicable Installment Payment. By using reserves to defease the District’s February 1, 2015 and August 1, 2015 Installment Payments, such payment would not be included in the rate calculation, since it would no longer be due and payable from Net Revenues.

An opinion was attained from Jeff Stava, attorney with Nossaman LLP; the law firm that handled the District's Installment Purchase Contract and Trust Agreement for its 2009 Certificates of Participation.

A motion was made by Director Clark, seconded by Director Doornenbal, and unanimously supported to adopt the Resolution Approving Escrow Instructions and Making Certain Determinations Relating to and Authorizing Certain Other Actions in Connection with Defeasance of Installment Payments.

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION AUTHORIZING THE GENERAL
MANAGER TO EXECUTE AMENDMENT NO. 002 TO PROFESSIONAL
SERVICES AGREEMENT 2014-PSA-001 WITH MARCIA
HERRMANN DESIGN FOR COMMUNICATIONS AND PR CONSULTING

Due to the resignation of the Oakdale Leader's Reporter for the District, Marcia Herrmann Design has been filling this roll since June. Marcia Herrmann Design has been able to provide a more positive, fair and accurate media coverage of the District. Amendment No. 002 will provide this coverage through 2015 for a Not-to-Exceed amount of \$18,000.

Staff recommends that the Board authorize the General Manager to execute Amendment No. 002 to the Professional Service Agreement 2014-PSA-001 with Marcia Herrmann Design.

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to authorize the General Manager to execute Amendment No. 002 to Professional Services Agreement 2014-PSA-001 with Marcia Herrmann Design for communications and PR consulting.

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION AUTHORIZING THE
GENERAL MANAGER TO NEGOTIATE AND EXECUTE AN
AGREEMENT WITH THE BANK OF AMERICA TO PURCHASE
THE MINERAL RIGHTS OF THE GREGER AND KAUFMAN
ROAD PROPERTIES IN A NOT-TO-EXCEED SUM OF \$4,000

Bank of America holds a one-half interest in the mineral rights related to the three properties on Greger and Kaufman Roads acquired by OID in 2012. The biggest concern was the rights that go along with the mineral rights, namely the right of access to, and storage on, every part of the property. When the property was in escrow, our attorney contacted the attorney for the Bank and requested that they relinquish the mineral rights. The attorney stated said Bank of America would do so if we agreed to share the profits in the event minerals were ever extracted. Verbally, we agreed but this was not resolved before closing. Rather, we got an endorsement to the title policy to protect OID. The mineral rights still remain a cloud on title to the property that will come up in the future should OID ever transfer the property.

The Bank of America attorney we were working with in 2012 is no longer with the bank. A new contact was obtained and contacted. The Bank now says they are not permitted to enter into an agreement to share profits. The bank is willing to sell OID its mineral rights for \$3,200 to cover their costs of the transaction. This proposal will clear the cloud on title permanently and, in the opinion of our attorney this is a reasonable cost. Our attorney has requested written confirmation of this sum.

Staff recommends that the Board authorize the General Manager to negotiate and execute an Agreement with the Bank of America relinquishing the mineral rights for a not-to-exceed sum of \$4,000, pending written confirmation from Bank of America.

A motion was made by Director Clark, seconded by Director Doornenbal, and unanimously supported to authorize the General Manager to negotiate and execute an agreement with the Bank of America to purchase the mineral rights of the Greger and Kaufman Roads properties in a not-to-exceed sum of \$4,000.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION TO APPROVE
RESOLUTION AMENDING RESERVE POLICY TO INCLUDE
A BUILDINGS AND FACILITIES REPLACEMENT RESERVE FUND

Staff met with the Finance Committee on Monday, November 10, 2014 to review the proposed 2015 Budget. Part of the budget process is to review the District's Reserve Policy and fund balances. During this process, the Committee discussed the need to establish a Buildings and Facilities Reserve Fund due to the significant cost of replacement.

It is at the Committee's recommendation that the attached resolution and policy be submitted to the Board for its consideration.

A motion was made by Director Doornenbal, seconded by Director Clark, and unanimously supported to approve the Resolution Amending Reserve Policy to include Buildings and Facilities Replacement Reserve.

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION TO APPROVE A FUND TRANSFER
FROM THE CAPITAL REPLACEMENT / IMPROVEMENT RESERVE FUND

During the 2013 audit, Richardson and Company noted that the Capital Replacement / Improvement Reserve Fund (Capital Fund) had exceeded its established maximum limit of \$18 million. The balance of this fund is \$19,475,000; or \$1,475,000 over the maximum limit.

Current policy provides for the following minimums and maximums:

Reserve Name	Minimum	Maximum	Current Balance
Rate-Stabilization	\$ 900,000	\$4,500,000	\$ 2,988,000
Operating	1,500,000	6,000,000	3,738,000
Capital Replacement/Improvement	6,000,000	18,000,000	19,475,000
Main Canal & Tunnel Replacement	Board Discretion		8,064,000
Vehicle & Equipment Replacement	200,000	1,500,000	486,966
Rural Water System Capital Replc/Impr.	50,000	1,000,000	741,046
Rural Water System Operating	0	200,000	0
Employee Compensation Absences Trust		300,000	179,084
Tota	<u>\$8,700,000</u>	<u>\$31,500,000</u>	<u>\$35,672,096</u>

It is Staff's recommendation to transfer \$1,000,000 from the Capital Replacement / Improvement Reserve to current Operating Funds and the remaining \$475,000 to the Buildings and Facilities Reserve Fund (if adopted).

A motion was made by Director Clark, seconded by Director Doornenbal, and unanimously supported to approve a fund transfer of \$1,000,000 from the Capital Replacement / Improvement Reserve Fund to the Operating Fund and transfer \$475,000 to the Buildings and Facilities Reserve Fund.

ITEM NO. 17
REVIEW AND TAKE POSSIBLE ACTION TO DIRECT
GENERAL MANAGER AND ITS WATER COUNSEL TO ENGAGE
IN NEGOTIATIONS WITH TRINITAS PARTNERS AND DEVELOP
A TERM SHEET USING PUBLIC/PRIVATE PARTNERSHIP STRUCTURED
FINANCING FOR FUNDING IMPLEMENTATION OF RUBICON'S
TOTAL CHANNEL CONTROL® TECHNOLOGY INTO OID'S CANAL SYSTEM

P3 financing is an opportunity to acquire funding for implementation of conservation projects in OID that avoids many of the costs of conventional bonding. The next phase of OID's conservation investments is implementation of TCC® technology that OID has installed on its Claribel and Cometa canals. Those systems were installed in 2011 and have proven to be very functional in improving water delivery service and in reducing lateral spills.

Trinitas Partners is such a firm that does P3 structured investments and may prove to be a partnership OID may find productive and beneficial. Staff recommends the Board direct staff to sit down and discuss such matters, develop a potential term sheet and bring it back to the Board for review and consideration.

Director Clark requested that the term sheet be brought back to the Finance Committee prior to going to the full Board once it has been negotiated.

A motion was made by Director Clark, seconded by Director Doornenbal, and unanimously supported to direct the General Manager and its Water Counsel to engage in negotiations with Trinitas Partners and develop a term sheet using public/private partnership structured financing for funding implementation of Rubicon's Total Channel Control® Technology into OID's canal system.

**DISCUSSION CALENDAR
ITEM NOS. 18, 19**

**ITEM NO. 18
DISCUSSION / PRESENTATION ON THE DRAFT 2015 BUDGET**

The draft 2015 budget is being submitted for your review. Staff met with the Finance Committee in developing this budget on October 29, 2014 and November 10, 2014. Staff will make a short presentation and answer any questions.

General Manager Steve Knell and Chief Financial Officer Kathy Cook gave a PowerPoint Presentation on the Draft 2015 Budget. The 2015 Budget will be brought to the Board as an action item on December 9, 2014.

**ITEM NO. 19
DISCUSSION ON BUSINESS ITEMS AS THEY APPEAR ON THE
TRI-DAM BOARD AGENDA FOR THURSDAY, NOVEMBER 20, 2014**

This item is placed here for the Board to discuss Tri-Dam agenda items.

**ITEM NO. 20
COMMUNICATIONS**

A. GENERAL MANAGERS REPORT

Safety Activities

1. OID has gone 564 days without a lost time injury accident.

Administration Activities

1. 2015 Budget preparation continues.
2. OID employees with Operating Engineers Local No. 3 voted on a wage and benefit package on the 12th.
3. Meeting with Wells Fargo representative Michael Engelbrecht on the 17th.
4. Next Tri Dam Advisory Committee is Monday December 8th.
5. Three tunnel tours scheduled for November. Two left to do.
6. Salmon Festival held on November 8th at the Army Corp Park in Knights Ferry. Looked to be a good turnout as always.
7. MJC Water Rally on November 12th. GM is sitting on a panel with representatives from TID and MID. Topic is the State's unimpaired flow requirement on our rivers.
8. Water Counsel and GMs from SSJID and OID to meet with Bureau of Reclamation Commissioner in San Diego on November 13th.
9. SJ River Commissioners meeting on November 17th at TID.
10. November 21st is an All-Employees meeting to provide harassment training and discuss OID direction next year if the drought continues. At the same time, employees will hear from CalPERS on retirement planning.
11. ACWA Conference December 2nd – 4th in San Diego.
12. OID Special Board Meeting to be held on the 9th of December.

Contract and Special Project Activities

1. Two –Mile Bar Tunnel (CEQA & Engineering) – The State Historical Preservation Office (SHPO) had some questions concerning the existing South Main Canal's historical properties. All the questions asked and the request for information was answered and/or provided to the Corps in the Technical Cultural Report provided to the Corp in September 2012. Staff was advised they now have all the information and should receive a response from the FWS and SHPO within the next 3-4 weeks. The Corps stated once they receive the concurrence letters from the two agencies there would be a quick turnaround to signed the NEPA document and send to the Real Estate Department to process the necessary paperwork to issue a release.
2. Paulsell Valley Rehabilitation Project – GM continues to have discussions with the Landowners concerning water availability and quantities. Also, they would like to share the cost with the District for the feasibility study to be conducted by CH2MHill. The District position is there will be no cost sharing for the front end work.
3. Trinitas Paulsell Valley Option – Staff drafted an Agreement per the Board's direction. The Agreement was sent to the District's Water Counsel for review and editing. The review was completed and is in the process of being returned to the District. Once it has been returned, the Agreement will be submitted to the Board for approval. The Agreement will be for Trinitas to pay for all the expenses to expand the Paulsell Lateral from the Headgate to a point approximately 1,000 feet upstream of Warnerville Road. The Expansion would allow the increase of flow from 35 cfs to 75 cfs. Trinitas wanting the increase flow for the start of the 2016 water season.
4. Rubicon Expansion (TCC) Project – Davids Engineering continues to review various grant options. However, the available grants require these two conditions to be agreed too:
 - A. Water savings will not be used to increase the total irrigated area.
 - B. The consumptive use of water will not increase in OID as a result of the project.

Davids Engineering was advised the District could not accept these conditions. However, Davids Engineering would continue and finish the preparation of the Application package need for any grant funding and continue to investigate any other opportunities.

The project is being developed for five (5) phases with Phase I consisting of the Tulloch Lateral from the Headgate to the terminus, the Hirschfeld Lateral from the Headgate to Victory Road, and portions of the Kearney Lateral between the Headgate to the terminus. The District Staff collected drawings and information on the previous project to use in the Grant Application for the TCC Expansion Project.

5. An RFQ for the Domestic Water Systems transfer of ownership and/or operations and maintenance of the systems is being drafted. Cal Water and Western Water have shown an interest in providing a response once the RFQ is issued. Also, the California Rural Water Association has a group who performs the O & M for small water systems and they are interested in seeing the package.
6. Contract Administration activities on contracts to be renewed and/or issued, Work releases, Request for Proposals and Change Orders for contracts are ongoing.

Construction Activities

1. Received two applications for the C&M worker position that was posted in-house.
2. Preparing and conducting employee evaluations.
3. Reviewing and processing JSF's generated by District staff.
4. Assisting Water Operations/Engineering Dept. with various assigned tasks including field and plan review of capital projects.
5. Morrison Pipeline Project; the pipeline has been installed through the Cemetery and Bell's parcels. The crew is working on form work for the outlet structure and general clean-up of the project site.
6. Southwest Pipeline Replacement Project; C&M crews have completed the removal of the existing concrete pipeline and have begun to install 1700 LF of new 27" PVC pipeline.
7. West Thalheim Pipeline Replacement Project; C&M crews have installed the new 30" PVC pipeline and construction is under way on the three Type One Turnout structures.
8. Town Main Pipeline; the project is on hold until PG&E relocates a guide wire.
9. North Main – Fields Ranch; OID in conjunction with the contractor have started to work on the next phase of the Project which entails the splitting of the bank.
10. North Side Regulating Reservoir; PG&E has received the new County final inspection tag of which had expired and will advise on the new date to energize the site.
11. The remainder of OID forces are working on maintenance tasks and other capital projects including turnout replacements, gate replacements and other misc. projects.
12. OJUHS approached OID with a new training program for occupational students involved in automotive maintenance. The program will start on November 17th with one student gaining work experience in OID's Auto Shop for two hours a day up to four days a week.

Water Operations Activities

Engineering

1. Land use Conversion – Continued to work with landowners, tenants, irrigation design companies and Support Services/Water Operations concerning ongoing and future land use conversion projects.
2. At the request of the Kimberly Nilsson, formerly Kimberly Riggs, OID staff is proceeding with processing an Encroachment Agreement for the existing improvements within the Townhill PL ROW. The draft Record of Survey has been reviewed and recorded with the County and is being returned to OID.
3. The Technical Advisory Committee (TAC) meetings on Thursday, October 13th and October 27th were cancelled. Additional comments on the Groundwater Ordinance (GWO) were discussed by the WAC. The revised GWO will be presented to the Stanislaus County Board of Supervisors for approval on November 25th.
4. Processed several Requests for Work Approvals, plans and cost estimates as needed for 2014-15 winter construction and maintenance projects.
5. Conducted several landowners meeting to continue discussions regarding future project implementation.

Ag Water

1. Continued to research and respond to miscellaneous irrigation and maintenance issues and inquiries.
2. Winter SCADA maintenance continued at all remotely monitored and automated sites.

3. The Water Operations Manager left on Friday, November 14th and is scheduled to return on Friday, November 21st after a tour of Rubicon's factory, facilities and various implementations of TCC and other Rubicon automation technologies both within the irrigation districts and on-farm in Australia.

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:
 - Staff continues to conduct weekly inspection, servicing and security checks of the pumping stations. There is nothing unusual or out of the ordinary to report.
3. Domestic Water Systems:
 - Monthly Coliform Bacteria water quality samples were collected on Monday, November 3rd. No problems were found.
 - Quarterly Nitrate water quality samples were collected on Monday, November 3rd.
 - Quarterly VOC water quality sample was collected from ID 45 on Monday, November 3rd.
5. Knights Ferry Community Services District:
 - Staff continues to conduct weekly inspection, servicing and security checks of the pumping station.
6. Irrigation Pumping Stations:
 - Staff continued to conduct routine inspection, servicing and security checks of the pumping stations in use as winter storm water pumps. There is nothing unusual or out of the ordinary to report other than the items listed below:
 - Bentley Deep Well Pump was reactivated for rental use from October 28th to November 4th.
 - Campbell Deep Well Pump was reactivated for rental use from October 28th to November 3rd.
 - Valley Home Deep Well Pump was reactivated for rental use from October 28th to November 3rd.
 - Furtado Deep Well Pump was reactivated for rental use from November 5th to November 10th.

Financing Activities

1. Continue to work on financing options for improvement districts.
2. 2015 Budget preparation.
3. Met with Finance Committee to review proposed budget.
4. Assist GM with Union negotiations.
5. Continue with the implementation of new billing software.
6. Posted Account Clerk opening. To close first week in December.
7. Meeting with Wells Fargo representative Michael Engelbrecht.

B. COMMITTEE REPORTS

Finance Committee, November 10, 2014

- Review of 2015 Draft Budget
- P3 Options

Director Clark commented on the San Joaquin River Group Authority (SJRG) meeting that he attended with the General Manager Steve Knell on November 17, 2014. He stated that the SJRG was dissolved so that only leaves the San Joaquin Tributary Authority. He said there was a discussion about the Authority hiring a Chief Financial Officer and an assistant in the annual amount of \$400,000 (\$100,000 per District) which will be brought back at the next meeting.

C. **DIRECTORS' COMMENTS/SUGGESTIONS**

Director Webb

Director Webb stated the two regular Board Meetings in December have been canceled and that there will be Special Board Meeting on December 9, 2014 only.

At the hour of 10:03 a.m. the meeting adjourned to Closed Session.

CLOSED SESSION
ITEM NO. 21

- A. **Government Code §54957.6 - Conference with Labor Negotiator**
Agency Negotiator: General Manager
Unrepresented Employee Organization: Operations Employees

At the hour of 10:20 a.m. the meeting returned to open session.

Coming out of Closed Session President Steve Webb stated that there was no reportable action.

OTHER ACTION
ITEM NO. 22

The meeting adjourned at the hour of 10:20 a.m. The next Special Board Meeting of the **Oakdale Irrigation District Board of Directors** is scheduled for **Tuesday, December 9, 2014 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, December 18, 2014 at 9:00 a.m.** in the board room of the Oakdale Irrigation District, 1205 East F Street, Oakdale, CA.

Steve Webb, President

Attest:

Steve Knell, P.E., Secretary