

MINUTES

Oakdale, California
July 24, 2007

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 9:00 a.m. Upon roll call, there were present:

Directors: Steven A. Webb, President
Jack Alpers, Vice President
Al Bairos, Jr.
Frank B. Clark
Tony Taro

Staff Present: Steve Knell, P.E., General Manager/Secretary
Kevin King, Water Operations Manager
John Davids, Support Services Manager
Gary Jernigan, Contracts & Special Projects Manager

Also Present: Michael Ijams, Esq.

ADDITION OR DELETION OF AGENDA ITEMS

General Manager, Steve Knell, requested that Closed Session Item No. 19B be pulled from the agenda.

ACTION TO TAKE VARIOUS ITEMS OUT OF SEQUENCE

There were no items taken out of sequence.

At the hour of 9:03 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

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

Director Alpers requested that Item No. 3 be pulled from the Consent Calendar and Director Bairos requested that Item No. 9 be pulled from the Consent Calendar.

CONSENT ITEMS
ITEM NOS. 2, 4, 5, 6, 7, 8, 10

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS' MINUTES
OF THE REGULAR MEETING OF JULY 10, 2007
AND RESOLUTION NOS. 2007-24, 2007-25,
2007-26, 2007-27, 2007-28, 2007-29, 2007-30, AND 2007-31

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of July 10, 2007 and Resolution Nos. 2007-24, 2007-25, 2007-26, 2007-27, 2007-28, 2007-29, 2007-30, and 2007-31.

ITEM NO. 4
APPROVE IMPROVEMENT
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 5
APPROVE TREASURER AND CHIEF
FINANCIAL OFFICER'S REPORT
FOR THE MONTH ENDING JUNE 30, 2007

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Treasurer and Chief Financial Officer's Report for the month ending June 30, 2007.

ITEM NO. 6
APPROVE RESOLUTION
ADOPTING A REVISED CREDIT CARD POLICY

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Resolution Adopting a Revised Credit Card Policy.

ITEM NO. 7
APPROVE ASSIGNMENT OF
CAPITAL WORK ORDER NUMBERS

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the assignment of capital work order numbers.

ITEM NO. 8
APPROVE GENERAL SERVICES AGREEMENTS
FOR VARIOUS VENDORS AND CONTRACTORS
(PAPE MACHINERY, GLENDEL CORPORATION
DBA ROTO-ROOTER, OVERHEAD TECHNOLOGY, INC.)

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the General Services Agreements for various vendors and contractors (Pape Machinery, Glendel Corporation, dba Roto-Rooter, Overhead Technology, Inc.).

ITEM NO. 10
APPROVE CHANGE ORDER TO
CONSTRUCTION AGREEMENT 2006 CA-16
WITH VALLEY AIR CONDITIONING FOR DUCT WORK

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Change Order to Construction Agreement 2006 CA-16 with Valley Air Conditioning for duct work.

ACTION CALENDAR
ITEM NOS. 3, 9, 11, 12, 13, 14, 15, 16

ITEM NO. 3
APPROVE IMPROVEMENT
DISTRICT STATEMENT OF OBLIGATIONS

Director Alpers asked why we were paying Giuliani & Kull for Campbell P/L Repairs. Support Services Manager, John Davids, told Director Alpers that the District is tracking all costs associated with these repairs.

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

ITEM NO. 9
APPROVE MAINTENANCE CONTRACT FOR
HVAC SYSTEM WITH VALLEY AIR CONDITIONING

Director Bairos asked if there was any maintenance contract associated with the installation of the new HVAC system. Contracts/Special Projects Manager, Gary Jernigan, told Director Bairos that there was only a warranty with the new HVAC system, not a maintenance contract.

A motion was made by Director Bairos, seconded by Director Alpers, and unanimously supported to approve the maintenance contract for HVAC system with Valley Air Conditioning.

ITEM NO. 11
REVIEW AND TAKE POSSIBLE ACTION TO
RESCIND THE BOARD'S VOTE OF JULY 20,
2007 ON A MOTION TO ASSUME RESPONSIBILITY
FOR A BRIDGE ACROSS THE NORTH MAIN CANAL
SERVING THE CONDE PROPERTY (APN: 002-063-039)

Director Taro sent a letter the day after the July 10, 2007 Board meeting stating he was unclear on how the motion was stated regarding OID's acceptance of all future obligations for a bridge serving the Conde properties. These properties are seeking annexation to the OID and the Conde's wish the OID to assume all future responsibilities for a bridge currently serving their properties in lieu of retiring the Hilts-Bellinger agreement.

Procedurally, the Board needs a motion by any Director and a second by any Director to open discussions on this request. If there is a second to the motion, and after discussion regarding the need for the action, the Board needs a majority vote to rescind the Board's previous action. If no majority vote is cast, the Board's previous vote stands and that ends the process. If a majority of the Board votes to rescind the action taken, then the Board can move forward to the next agenda item, which is a continuation of the July 10, 2007 discussion on this matter.

A motion was made by Director Taro and seconded by Director Bairos to rescind the Board's vote of July 20, 2007 on a motion to assume responsibility for a bridge across the North Main Canal serving the Conde property and was voted as follows:

Ayes:	Directors Taro, Bairos
Noes:	Directors Alpers, Clark, Webb

The motion failed.

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION ON
REQUEST FOR CERTAIN VARIANCES
TO ANNEXATION AGREEMENT FOR
CONDE PROPERTIES (APN: 002-063-039)

At the Board's April 17, 2007 meeting a resolution was on the agenda to approve the Conde annexation application. At that meeting an issue was raised by the Conde's regarding OID's contract language specific to sections 4.4 through 4.6 of the Annexation Contract. Based on statements made by the Conde's the Board took no action until the Conde's could obtain legal advice. In a letter to OID dated May 29, 2007 the Conde's attorney made known the terms upon which the Conde's would consider annexation to the OID. In an OID letter back to the Conde's attorney, dated June 13, 2007 OID stated its position on the matter.

The matter before the Board today is whether to grant a contract variance to the Conde's quest for annexation as described in their letter of May 29, 2007, that being;

1. For consideration of abandonment of the 1888 Schell agreement the Conde's wish a 50% reduction in the annexation fee and a contribution of \$10,000 for the construction of a new turnout (required per contract).
2. For consideration of abandonment of the Hilts-Bellinger agreement, the Conde's request that OID construct a new 16-foot bridge for their sole use.

For granting of both these terms at an estimated cost to OID of \$105,980 the Conde's would consider annexing to the OID.

If the Conde's believe that the 1888 Schell rights have value we recommend that they pursue and assert those rights in court. Similarly, if the Hilts-Bellinger rights are monetarily significant to them, then they should retain those rights and forgo annexing to OID.

Staff recommends the Conde's comply with the terms of the annexation contract or forgo annexation until such time as OID reopens annexations in the future. However, at that future date the Conde's would have to compete against other lands and pay all applicable new fees that will be in place.

This Action Item was rendered moot based upon the vote of Action Item No. 11.

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION
TO APPROVE RESOLUTION
PROPOSING ANNEXATION FOR CONDE
FARMS (APN: 002-063-039 – CONDE FARMS)

On December 20, 2005, the Oakdale Irrigation District (OID) Board of Directors reviewed a request from Conde Farms to annex to OID. The Board unanimously voted to "allow annexation to Conde Farms with the understanding that Conde Farms is responsible for all fees, including the Local Agency Formation Commission (LAFCO) fees." On July 25, 2006, OID received an application for annexation from Conde Farms along with a check in the amount of \$ 5,851.60 to cover the required LAFCO fees, State Board of Equalization Fees and OID Special Project fees. Giuliani and Kull Engineering was retained by Conde Farms to prepare the required LAFCO Application documents. Conde Farms reviewed and signed an OID Annexation Agreement for this project, which contains Exhibits "C" - Existing and Proposed Works Analysis and Exhibit "D" - Annexation Fee Payment Schedule and Terms and requested that all outstanding Annexation Fees be amortized for a period of five (5) years, as described in said Exhibit "D". After a field review of Conde Farms, a letter was sent to Mr. Shawn Conde on February 12, 2007 by the OID Engineering Department, outlining five (5) remaining points that were to be addressed prior to annexation. OID received an irrigation efficiency report and a title report in response and the remaining three (3) points listed herein are requested to be addressed by the Board of Directors as conditions of approval for the finalization of the annexation process. Those three (3) points are:

1. The existing point of delivery off of OID's North Main Canal must be removed and a new turnout must be constructed in accordance with OID's Standard Specifications and Drawings.
2. The existing diesel storage tank located upslope of OID's North Main Canal is not constructed in accordance with governing State and Local regulations and should a spill occur, it is possible for contaminants to enter the North Main Canal ("navigable waters"). This existing diesel storage facility must be brought into compliance with both State and Local regulations and OID must have certainty that in the event of a spill, no contaminants and or any other potentially harmful chemicals shall have the ability to enter OID's conveyance system.
3. The sand media tank backflush water is currently discharged back into OID's North Main Canal. This must be modified as OID will no longer accept backflush water.

The Condes were present at the hearing.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Resolution Proposing Annexation for Conde Farms (APN: 002-062-039).

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION
REGARDING A PARTNERING REQUEST FROM
THE OAKDALE JOINT UNIFIED SCHOOL DISTRICT
TO BUILD AN AQUATIC/FITNESS CENTER AT THE HIGH SCHOOL

On April 25th the Community Relations Committee met to hear a presentation by School Superintendent Wendell Chun and Assistant Superintendent for Business Tim Hern. After the meeting, staff was directed to check with legal counsel on the ability of OID's participation in such a venture. OID's General Counsel Mike Ijams will be present at this meeting to discuss his findings with the Board.

Besides the legal review provided by Mike Ijams, staff reviewed and has provided areas of consideration regarding the policy and financial implications surrounding this request. That information is provided below to assist in the discussions;

Financial Considerations

- It is anticipated that the District will receive approximately \$1.3 million in property tax appropriations from Stanislaus and San Joaquin Counties. Of this \$1.3 million approximately 55% is derived from property tax values within the City of Oakdale. This percentage estimate was provided to the District in the late 1990s by Ray Rasmussen of the Stanislaus County Assessor's Office. There is no question that County property tax appropriations help subsidize the District's Ag water user rates by offsetting its annual operations and maintenance expense.

- The OID is in great financial shape and it is there because of the sound financial management of the Board. However, that sound financial position of OID will be needed to support the next 5-years of improvement and modernization work necessary to serve our water constituents. The Board has not yet made a decision on the financing options for getting OID through this next 5-year period. This is budget season and staff will be meeting with the Finance Committee in mid to late August 2007 to discuss three (3) borrowing/ financing options. Before we improve someone else's future, we would ask the Board to review these options with staff first; make a decision and commitment to a 5-year financing plan to meet the needs of the Water Resources Plan and then, should it desire, to review and consider what opportunities may exist for a community project. Staff's budget proposal for 2008 will be predicated on having the 5-year financing plan in place by the end of this year.
- Staff called Bill Bock with LaSalle National Leasing Corporation, OID's financing lender on the Tri Dam Authority project, to discuss how lending institutions would view a public agency giving \$1 million to a community project. Staff's concern was what, if any, financial implications may result. In his opinion, a rating agency may consider this contribution negatively. As a rating agency, such spontaneous actions could raise the level of risk one would assess to that agency. Risk in the lending business doesn't mean "not getting a loan", it means paying more interest for the added risk. Staff believes this consideration is noteworthy.
- The District adopted a Reserve Policy in September 2006. The policy was to develop a level of financial reserves necessary to adequately protect the OID in the event of unforeseen operating or capital expenses, loss of revenue sources from interruption in wholesale power or property tax receipts, economic uncertainties resulting from droughts, and to cover unfunded legislative mandates and requirements that dominate our yearly activities, just to name a few. Included with this agenda is a summary status of District Reserves, min/max limits, and their current balances as of June 30, 2007. As indicated on the summary, the District has not funded the minimum limits on three of its seven reserves, or 40% (84% of the maximum reserve limits are unfunded). It would be staff's recommendation that the Board consider funding first OID's reserves up to their minimum funding levels before taking or approving participation in such a large community project.

Policy Considerations

- OID adopted a Community Relations Policy in May 1992 which outlines the Boards' and staff's responsibilities in serving and bettering OID community relations. There is no guidance provided in the memo regarding how community requests for financial assistance shall be addressed. The fact that OID policy does not mentioned financial partnering or giving does not preclude the Board's participation. The Board had a similar out-of-policy request in 2003 regarding its financial contribution to the construction of a County Agricultural Pavilion in Modesto.

- Although the Community Relations Policy is mute on OID's ability to *financially* contribute to community projects it is not silent that OID must, "administer the affairs of the District in an efficient, economical, equitable and ethical manner." On the issue of "equitable", staff wishes to caution the Board that participation at this level could open a flood gate of requests from equally deserving and financially needing public organizations. If the Board were to partner with the School District, the Board should be prepared to have answers for why subsequent organizations did not receive at least a like or similar sum of money for their cause or need. Not being able to justify the *equitable* distribution of public funds could become a legal risk to OID's actions.

Staff suggests the Board consider revising its Community Relations Policy first, so that it is clear that the equitable standard is met.

Michael Tozzi, of the Oakdale Joint Unified School District Board of Trustees, was present and discussed the proposition of an aquatic/health center at the High School. Tim Hern, Assistant Superintendent, Business Services, was also present at the hearing and gave a PowerPoint presentation on the aquatic/health center.

General Counsel for the District, Michael Ijams, was also present to discuss the District's ability to partner with this request.

There were many members of the public, both for and against the aquatic/health center, who made comments on the District's possible partnering with the Oakdale Joint Unified School District.

Following a lengthy discussion, a motion was made by Director Clark to use the revenue from the Tri-Dam power generation to fund the project on an annual basis up to \$100,000 per year over a ten year period. The motion failed for lack of a second.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION
ON CANCELLATION OF LATE PAYMENT
PENALTIES (APN: 010-048-038 – BONSACK)

Ms. Bonsack is requesting that the first installment penalties on parcel 010-048-038 be cancelled.

The District received Ms. Bonsack's first installment payment on December 15, 2006. She paid with a personal check along with her rebate check. The District returned her rebate check on December 15, 2006 notifying her that she needed to cash the rebate check and make the payment with a personal check. The District extended her first installment due date to December 29, 2006 to allow her time (2 weeks) to send in a personal check for this amount. Ms. Bonsack paid the remainder of her first installment on January 12, 2007 and therefore, penalties were added to her account.

She spoke with the District's CFO in Feb. 2007 stating that she only pays her bills once a month and she paid the remainder due in January when she typically pays her bills. She was informed that the penalties were applied appropriately.

In accordance with Board Policy and California Water Code section 26000, the Board shall order the Treasurer, to cancel or modify an assessment when it finds that any property has been either:

- (a) Assessed in any year more than once.
- (b) Assessed by reason of a clerical error for more than its cash value.
- (c) Computed for assessment on an excessive acreage.
- (d) Assessed while not in district.

Any other cancellation or modification to charges not mentioned in Section 26000 or in this resolution shall be submitted to the Board of Directors for consideration.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to cancel the late payment penalties of \$5.50 (APN: 010-048-038 – Bonsack).

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION ON
APPRAISAL OF OAKDALE IRRIGATION
DISTRICT OFFICE AND YARD FACILITIES

Staff was directed to have the office and yard facilities appraised for purposes of furthering discussions on the possibility of relocating the OID headquarters from its current facilities to another location with facilities more in line with its needs.

The appraised value of the properties has not been disclosed pending this discussion. The Board may decide to reveal the amount at its discretion. Suffice it to say, the appraisal is less than expected. The options available would not necessarily preclude relocation, however, doing an evaluation on what relocation costs would be should be the next avenue taken by OID if the interest still exists to relocate. Staff will be looking for Board direction.

Director Webb asked the General Manager, Steve Knell, to set up a Finance Committee Meeting to look at some property and the costs associated thereto. If the Finance Committee is not able to meet in the near future, Director Webb instructed the General Manager, Steve Knell, to pursue this.

**DISCUSSION ITEMS
ITEM NOS. 17**

**ITEM NO. 17
DISCUSSION/PRESENTATION OF CONSULTANTS'
CONTRACT STATUS FOR ENGINEERING SERVICES**

The District has issued Professional Services Agreements to Consultants for Engineering Services for general engineering services and engineering support for the WRP implementation. The Professional Services Agreements are issued on an "On-Call" basis for "Get Ahead" engineering services and specific engineering services. The Board has approved in the pass an annual budget of \$500,000 for these services. Attached is a list of engineering consultants and with their Professional Services Agreement scope description and project status for each.

Giuliani & Kull provides general engineering services on smaller projects, surveying, construction inspections and geotechnical work.

Condor Earth Technologies provide engineering services for the South Main and North Main Tunnels and the South Main Improvements between Goodwin Dam and Tunnel 7. They also perform engineering services on the Joint Main under the direction of SSJID.

Provost & Pritchard Engineering Group, Inc. provides general engineering services, surveying, construction management, WRP support services and GIS development.

CH2MHILL provides Engineering, Planning Services and Project Specific CEQA Compliance for the WRP implementation. They are presently working on two major projects; the North Side Regulating Reservoir and the OID to Modesto Reservoir Conveyance System Feasibility Study just starting.

Gary Jernigan, Contract & Projects Manager, discussed the status of the consultant's contracts for engineering services.

**COMMUNICATIONS
ITEM NO. 18**

A. GENERAL MANAGERS REPORT

Safety Activities

1. OID has gone 429 days without a lost time injury accident.

Administration Activities

1. Staff had a kick off meeting with CH2M Hill on the Feasibility Study to move water to Modesto Reservoir.
2. Knights Ferry letter regarding a follow-up meeting went out. Bob Brunner Jr. called and KF Water User meeting to be held next week. He'd get back to me then.
3. Goad work progressing. Area staked and to be cleared next.

4. Working a Campbell Lateral easement issue.
5. SEWD negotiations – no further meetings held pending Tri Dam meeting on July 19th
6. CCSF negotiations – no further meetings held

Water Operation Activities

1. Cool weather has helped keep water use to just below budgeted amount.
2. Continue to use deep wells as needed.
3. Will begin next 10 day rotation on July 22nd and then, because of ET, move to 12 day rotations on August 2nd.

Finance Activities

1. OID Budget preparation
2. ID Budget preparation
3. Auditor Request for Proposal preparation.
4. Continue pursuing options for ID 52 financing.
5. Preparation of submittal of 2007 delinquencies to counties.
6. Continued with internal fuel use audit.

Contract and Special Project Activities

1. Issued Work Releases to P&P and CH2MHILL for the continuation of the North Side Regulating Reservoir.
2. Continued with the cost optimizing of Capital Projects for budgeting for 2008-2012.
3. Completed Capital Projects Budget for 2008.
4. Continued to field investigations for the Water Loss Recovery Program.
5. Developed Contract Status Format for Reporting with updated progress & cost.
6. Responded to SSJID on Condor's Draft Report for the Long Term Repairs to the Joint main.
7. Started the review process on CCSF PEIR for the Water System Improvement Program.
8. Issued Contracts approved in previous Board Meeting and drafted three (3) contracts to be issued for approval.

Construction and Engineering Activities

1. Goad settlement coordination.
2. Misc. Suspense Forms.
3. Project support for Provost and Prichard, Inc.
4. Project support for Giuliani and Kull, Inc.
5. Preparation of items for auction.
6. Knights Ferry Townline Emergency Repair.
7. Continued Trash Pick-up (north and south sides).
8. Draft 2008 Budget submitted for both Engineering and C&M.
9. Preparation of 2007/2008 Winter Work Program.
10. Routine C&M Assignments

B. COMMITTEE REPORTS

Water/Engineering Committee Meeting, July 10, 2007

- Twer Flooding Matter
- Hans Weber Flow Meter Matter
- Kurt Kuhlman Matter

Personnel Committee Meeting, July 17, 2007

- Employee Satisfaction Survey
- Succession Planning
- Employee Education Reimbursement
- Reorganization Changes
 - Salary Adjustment for Certain Position Classifications
 - Establishment of More Senior Positions
 - Background/Discussion of Equipment Operator Classifications
 - Competitive Salary Survey

Water Committee – Director Bairos went over the discussions of the Water Committee on July 10, 2007:

- Mr. Kuhlman's fine of \$100 was forgiven;
- The District agreed to reimburse Mr. Weber for half of the meter installation cost; and
- Mr. Twer requested more time to do some investigation on his own and report back to the Water Committee.

Personnel Committee – Director Clark went over the discussions of the Personnel Committee on July 17, 2007:

- The Personnel Committee asked the General Manager, Steve Knell, to contact the company and get the particulars on the survey and report back to the Board;
- The Personnel Committee asked the General Manager, Steve Knell, to start thinking about the key positions in the District, when they will be turning over, and having a plan in place to account for turnover;
- The Personnel Committee made no changes to the employee education reimbursement policy; however, they requested that the General Manager advise the Board when an employee is continuing their education to obtain a masters/doctorate degree. The Personnel Committee also requested that the District re-emphasize this benefit to the employees; and
- The Personnel Committee heard from the General Manager, Steve Knell, about implementing additional steps within each classification and establishing additional senior positions.

C. DIRECTORS' COMMENTS/SUGGESTIONS

Director Alpers

Director Alpers had no comments.

Director Bairos

Director Bairos had no comments.

Director Clark

Director Clark stated he was sorry that the aquatic/health center went the way it did, but the District will move on. He stated that he felt that this was the best community participation in any discussion since he has been on the Board and the people had a lot of great comments. He stated that the Board probably made the right decision and he thanked the Board.

Director Taro

Director Taro had no comments.

Director Webb

Director Webb commended Director Clark for his community participation. He stated that he thought the aquatic/health center was a good idea, but that the District could not help with funding this project at this time. He appreciated Frank for bringing this to the Board for consideration.

At the hour of 11:48 a.m. a motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to move to Closed Session.

CLOSED SESSION
ITEM NO. 19

A. Government Code §54957

Public Employee Discipline/Dismissal/Release

At the hour 12:07 p.m. a motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to return to open session.

General Manager, Steve Knell, reported that the Public Employee Discipline/Dismissal/Release matter was heard and the Board of Directors had made a decision which was voted on as follows:

Ayes: Directors, Alpers, Clark, Webb, Bairos, Taro

OTHER ACTION
ITEM NO. 20

At the hour of 12:07 p.m. the meeting was adjourned to the next **Board of Director's Meeting on Tuesday, August 7, 2007, at 9:00 a.m.** at the Oakdale Irrigation District Office, 1205 East F Street, Oakdale, CA.

The next **Joint Board Meeting for the Tri-Dam Project** has been scheduled for **Tuesday, August 16, 2007, at 9:00 a.m.** in the Board Room of the Oakdale Irrigation District 1205 East F Street, Oakdale, California.

Steven A. Webb, President

Attest:

Steve Knell, P.E., Secretary