

MINUTES

Oakdale, California
October 17, 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 9:00 a.m. Upon roll call, there were present:

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

Staff Present: Steve Knell, P.E., General Manager/Secretary
Kathy Cook, Chief Financial Officer
Gary Jernigan, 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

Ken Krause stated that there were six political signs on the northwest side of the fence that need to be removed. Mr. Krause also asked the Board if they were considering the purchase of the property next to the Hershey Plant that is owned by John Brichetto.

Mike Sons stated that the Union Main goes through his property and he is interested in moving the pipeline. He said that a portion of the Union Main has already been replaced because of leaks; the District paid for a couple of hundred feet and he paid for a couple of hundred feet of pipe. He is planting trees in February and he would like the Union Main relocated from the center of his land so that he can plant trees. This will also give the ditchtender access to the box that they have been having problems with in the middle of his field. He has spoken with his neighbor who stated that he is more than happy to give the District access between their property, and that they would pay the cost for the replacement of their fences. He wanted to know how to handle this request since he would like to move this along. Director Clark stated that this matter needed to be placed on the agenda for a decision by the Board. General Manager, Steve Knell, stated that staff will research his

request and it will be placed back on the agenda for the November 21, 2006 Board meeting.

There being no further Public Comment; Public Comment closed at 9:11 a.m. and the Board Meeting continued.

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
OCTOBER 3, 2006 AND RESOLUTION NOS. 2006-53 AND 2006-54

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of October 3, 2006 and Resolution Nos. 2006-53 and 2006-54.

ITEM NO. 3
APPROVE OAKDALE IRRIGATION
DISTRICT STATEMENT OF OBLIGATIONS

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

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

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

ITEM NO. 6
APPROVE PURCHASE OF AN
AUTOCAD PERSONAL COMPUTER

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve purchase of an AutoCad personal computer.

ITEM NO. 7
APPROVE PURCHASE OF
ARCVIEW 9 GIS SOFTWARE

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve purchase of ArcView 9 GIS software.

ITEM NO. 8
APPROVE CHANGE ORDER TO MOZINGO
CONSTRUCTION FOR THE ERLANGER PIPELINE PROJECT

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Change Order to Mozingo Construction for the Erlanger Pipeline Project.

ITEM NO. 9
APPROVE QUITCLAIM OF RODDEN DRAIN PIPELINE
ENCROACHMENT AGREEMENT (APN: 063-014-028 – McGINNIS)

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Quitclaim of Rodden Drain Pipeline Encroachment Agreement (APN: 063-014-028 – McGinnis).

ACTION CALENDAR
ITEMS 10, 11, 12, 13, 14, 15, 16, 17, 18, 19

ITEM NO. 10
REVIEW AND TAKE POSSIBLE
ACTION TO ADOPT THE 2007 BUDGET

Staff presented the draft 2007 Budget at the Board's October 3, 2006 meeting as a Discussion Item.

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to adopt the 2007 Budget.

ITEM NO. 11
REVIEW AND TAKE POSSIBLE ACTION ON A
RESOLUTION SETTING WATER DELIVERY FEES FOR THE YEAR 2007

The attached resolution is submitted to set the water rates for 2007. The resolution reflects the following:

- Anticipated no water rate increases.
- Installment due dates:
 1. Wednesday, December 20, 2006
 2. Wednesday, June 20, 2007

As illustrated on the attached comparative table, the surface irrigation rates presented today have been subsidized since 1979 by \$91 per acre, or 569%. This subsidy (or payback of investment) is primarily derived from Tri-Dam revenues and Water Transfer Revenues. The surface irrigation water rates presented today (at \$19.50 per acre) versus 1979's rate (\$31 per acre) have been reduced by \$11.50 per acre or 59%.

It was the consensus of the Board that the Finance Committee should meet to discuss the possibility of giving the constituents of the District a rebate. The method of the rebate will require legal review by the District's General Counsel.

A motion was made by Director Alpers, seconded by Director Taro, and unanimously supported to approve the Resolution Setting Water Delivery Fees for the Year 2007.

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION
ON A RESOLUTION FOR CHARGES RELATED
TO IRRIGATION WATER SERVICE FOR THE YEAR 2007

The State of California Water Code, Section 22283, provides that the District prescribe reasonable rules and regulations to carry out the provisions of Section 22280 et. seq. Annually, these rules and regulations are reviewed and adopted by the Board.

A motion was made by Director Alpers, and seconded by Director Webb, and unanimously supported to approve the Resolution for Charges Related to Irrigation Water Services for the Year 2007.

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION
ON A RESOLUTION SETTING DOMESTIC WATER
IMPROVEMENT DISTRICT OPERATION AND MAINTENANCE
CHARGES AND OTHER RELATED CHARGES FOR THE YEAR 2007

Staff met with the committees of each domestic water improvement district during the month of August. The attached resolution provides for setting 2007 ID Operation and Maintenance (O&M) rates. It is anticipated that these O & M rates are sufficient to cover the current year's anticipated expenditures, as well as next year's anticipated expenditures.

A motion was made by Director Webb, seconded by Director Alpers, and unanimously supported to approve the Resolution Setting Domestic Water Improvement District Operation and Maintenance Charges and Other Related Charges for the Year 2007.

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION ON A
RESOLUTION SETTING AG WATER IMPROVEMENT
DISTRICT OPERATION AND MAINTENANCE CHARGES
AND OTHER RELATED CHARGES FOR THE YEAR 2007

Staff sent letters to all landowners of each agricultural water system Improvement District during the month of September. The attached resolution provides for setting 2007 ID Operation and Maintenance (O&M) rates. It is anticipated that these O & M rates are sufficient to cover the current year's anticipated expenditures, as well as next year's anticipated expenditures.

A motion was made by Director Bairos, seconded by Director Alpers, and unanimously supported to approve the Resolution Setting Ag Water Improvement District Operation and Maintenance Charges and Other Related Charges for the Year 2007.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION ON A
RESOLUTION SETTING DOMESTIC WATER IMPROVEMENT
DISTRICT RESERVE FUND CONTRIBUTIONS FOR 2007

As approved by the landowners of ID 49, 51, and 52, staff is submitting the attached resolution for 2007 Reserve Fund contributions.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the Resolution Setting Domestic Water Improvement District Reserve Fund Contributions for 2007.

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION ON
APPROVING A CONTRACT WITH DOROTHY
KING FOR A BORROW SITE (APN: 006-006-017 – KING)

On September 19, 2006 the Board authorized the General Manager to negotiate a contract with Dorothy King for a borrow site and to return to the Board for approval of the terms once they had been determined. The terms of the contract have been outlined below and may also be found in the Letter of Agreement to be signed by both parties upon final approval. Those terms are as follows:

In 2007, Oakdale Irrigation District (OID) will excavate the entire eighty-thousand (80,000) cubic yards of material, and stock pile the material on-site in a predetermined location with uninhibited and unrestricted access. OID would complete all on-site improvements as indicated in Mrs. King's original correspondence and pay Mrs. King eighty-thousand (80,000) dollars, equal to one-half of the material cost. By doing all of the work in 2007 would allow Mrs. King to again utilize her pasture in 2008.

In 2008, OID will pay the remaining eighty-thousand (80,000) dollars owed to Mrs. King for the excavated borrow material.

The terms as outlined above as well as the cost per cubic yard of material will be beneficial to both parties and in addition, Mrs. King has allowed OID to store the material on-site through 2009 should it be deemed necessary. District staff recommends approval of the terms of the contract as set-forth herein.

General Manager, Steve Knell, stated that there were some changes that needed to be made to the letter of agreement. General Manager, Steve Knell requested that the Board give him authority to sign the letter agreement once the additional changes have been made and the letter agreement has been reviewed by the District's Legal Counsel.

A motion was made by Director Webb, seconded by Director Bairos, and unanimously supported to give the General Manager authority to execute the letter of agreement once the changes have been made and it was reviewed by the District's Legal Counsel.

ITEM NO. 17
REVIEW AND TAKE POSSIBLE ACTION ON
CLAIM FOR DAMAGES ON THE FAIRBANKS PIPELINE (DUTRA)

In June, 2006, the District replaced approximately 2,500 feet of the Fairbanks Pipeline located on Mr. Dutra's property at 12625 Steinegul Road due to multiple leaks. The old pipeline curved through Mr. Dutra's property. Upon request by the District, Mr. Dutra gave the District permission to install the new pipeline straight through the property.

Mr. Dutra claims that District stated that the old pipeline would be removed, but later he stated that he was told that the pipeline would be left as is. Subsequently, Mr. Dutra removed the old Fairbanks Pipeline and has submitted a claim for the reimbursement of those costs.

Attached is Mr. Dutra's correspondence received September 27, 2006, in addition to memorandum's prepared by Gary Jernigan, Support Services Manager, and John Davids, Assistant Engineer.

It is not District practice to remove a pipeline that is relocated. Therefore, Staff recommends rejecting the claim and forwarding it to ACWA/JPIA.

OID pays ACWA/JPIA \$150,000 annually in liability insurance to address these types of claims. A rejection by the Board is not a statement it disagrees with the claim, nor is it an admission of fault. Rejecting the claim sets in motion a review mechanism that OID has already paid for to handle these incidents.

Due to the fact that Mr. Dutra was not present at the meeting the Board requested that this item be pulled from the Agenda and placed on the November 7, 2006 Agenda to afford Mr. Dutra the opportunity to present his claim to the Board.

ITEM NO. 18
REVIEW AND TAKE POSSIBLE ACTION ON
PURCHASE OF FUEL AND SERVICE TRUCK

The Board approved the purchase of a 2007 Class 7, 2-axle equipment fuel and service truck from Carco Industries on September 5, 2006. This item is being brought back to the Board as Staff was informed by Carco that the 2007 model would not be compliant with the new 2007 smog emission standards as previously reported.

Therefore, Staff requested revised bids from Carco Industries, Inc., Equipment Wholesale, and McLellan Equipment, Inc. Staff received bids from Carco Industries, Equipment Wholesale and McLellan Equipment.

Staff recommends the Board authorize the purchase of the 2007 fuel and service truck from Equipment Wholesale, Inc. in the amount of \$92,245.00, excluding Sales Tax.

A motion was made by Director Clark and seconded by Director Alpers to purchase the 2007 fuel and service truck from Equipment Wholesale, Inc. in the amount of \$92,245.00, excluding sales tax, and was voted as follows:

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

ITEM NO. 19
REVIEW AND TAKE POSSIBLE ACTION ON
RELEASE 2 OF GENERAL SERVICES AGREEMENT
2006-GSA-19 TO CUNNINGHAM & SONS CONSTRUCTION
TO REPLACE A BOX ON THE UNION LATERAL NEAR STODDARD ROAD

Telephone quotes and pricing from the latest bids received on the Campbell and North Dudley Pipeline bids were used to compare pricing. The estimates were as follows:

- RTC \$38,950
- Mozingo \$47,060
- Preston \$43,000
- Cunningham \$40,000

With OID's previous experience with these contractors in the pouring of mass structures, it is Staff's recommendation that the Board authorize the General Manager approve a General Services Agreement Release to Cunningham & Sons Construction in the amount of \$40,000 for the construction of One (1) Control Structure.

A motion was made by Director Webb, seconded by Director Bairos, and unanimously supported to approve Release 2 of the General Services Agreement 2006-GSA-19 to Cunningham & Sons Construction to replace a box on the Union Lateral near Stoddard Road.

DISCUSSION ITEMS
ITEM NOS. 20, 21, 22

ITEM NO. 20
DISCUSSION/PRESENTATION
BY CH2M HILL ON PEIR STATUS

CH2M Hill will provide the Board with an update on the drafting of the Water Resources Plan

Greg Eldridge and Mark Oliver of CH2M Hill gave a PowerPoint presentation on the status on the development of the PEIR.

ITEM NO. 21
DISCUSSION ON POTENTIAL FUNDING
MECHANISMS FOR MAIN CANAL AND TUNNEL PROJECTS

The California Infrastructure and Economic Development Bank's Infrastructure State Revolving Fund Program has low interest (3% plus a 1% loan origination fee) loans available for public agencies involved in major rehabilitation projects. Maximum loan amounts are \$10 million. Kathy Cook will explain further details in her presentation.

Director Clark asked if the California Infrastructure and Economic Development Bank had a spokesperson who could address the Board. Chief Financial Officer, Kathy Cook, will look into having someone discuss this funding before the Board.

ITEM NO. 22
DISCUSSION ON BUSINESS ITEMS AS THEY APPEAR
ON THE TRI-DAM BOARD AGENDA FOR THURSDAY, OCTOBER 19, 2006

There was no discussion on the business items on the Tri-Dam Board Agenda for Thursday, October 19, 2006 because no one had received their Board packets.

There was a discussion regarding Patrick Stiehr and the fact that he has left the firm who maintains the Tri-Dam flow stations. When the contract is negotiated for the maintenance of the flow stations next year, Patrick Stiehr will submit a proposal.

ITEM NO. 23
COMMUNICATIONS

Safety Activities

1. OID has gone 147 days without a lost time injury accident.

Administration Activities

1. Working with Stanislaus County Public Works on our LAFCO issue with CSA No. 23 at Hillsborough Estates and the West Oakdale No. 1 Pipeline.
2. Responding to another round of interrogatories on the Gregg suit.
3. No progress on the OID property appraisal.

4. Meet and Confer sessions have begun again.
5. County Land Use Element Workshop attended on the evening of the 10th. A good turnout and general interest. Mostly attended by realtors and those interested in the parceling limitations and how they might affect their future property values.
6. OID interviewed and made an offer on a candidate to fill the Special Projects Coordinator position.

Accounting Activities

1. Preparation on OID's Rural Water Rate Study
2. Research on possible financing for ID 52 distribution system and OID buy-in fees.
3. Preparing parcel splits for 2007 billing.
4. Updated OID's equipment rates
5. Preparing for OID's 3rd annual Employee's Benefits Day on November 15, 2006

Irrigation Activities

1. The following reclamation pumps are being rebuilt at the end of the 2006 irrigation season:
 - Union Rec. Pump
 - Kuhn Rec. Pump
 - Workman 1 Rec. Pump
 - Cavill 2 Rec. Pump
 - McGee Rec. Pump

C&M Operations Activities

1. The Grider Pipeline Replacement Project installation started on September 15, 2006 and progressed extremely well. Completion of pipe installation was completed on the September 22, 2006. Structure installation started with first concrete pour on September 25, 2006. Mazingo will mobilize on October 18, 2006 to complete the work.
2. Ditch Cleaning continues to be a major emphasis on laterals and Drains
3. Pipeline repairs continued with repairs and replacements. Pipelines with repairs were the Berry P/L, Langworth P/L, Union P/L, Town E P/L, Dennis P/L, Van Norman P/L and the Stone P/L.
4. Condor draft reports for "2-Mile Bar Tunnel" and the Permanent Bank Repair Program. Six reports are to be issued on October 06, 2006 and received October 11, 2006. Review in process. Presentation scheduled for November 7th Board Meeting.
5. Contract documents for the Campbell and North Dudley Pipeline Replacement projects sent out to winning contractors. Mobilization scheduled for the week ending October 20, 2006.
6. Clean up of chunkers on various laterals and City Yard continued
7. Borrow Pit negotiations with Dorothy King finalized. Alternate sites being investigated as well.
8. Winter Work Identification and Scope Development program issued and in progress
9. DSO's report to the C&M Group on Monday, October 16, 2006

Engineering Activities

1. Design continued on the Lambuth Pipeline, Clarke Pipeline and the Merryhew Pipeline Replacements.
2. Continued design on the Claribel/Stowell Bifurcation Project

3. Issued contracts to RTC for the Campbell Pipeline Replacement project and to Preston Pipelines for the North Dudley pipeline replacement project.
4. Issued a contract to Provost & Pritchard for General Engineering Services.
5. Project Development for the Winter Season
6. Response to Suspense Forms
7. Providing support to the Water Operations Department
8. Completing engineering drawings for the Pioneer, Bentley, Crow and Sonora road crossings.
9. Worked with Contractor for replacing of the Union P/L Control Structure on Stoddard Road

Legal Activities

1. Friant Settlement is being crafted into draft Legislation. The potential implications of this Legislation will be the topic at the SJR Commission meeting on October 27, 2006. October 23 is a settlement hearing on the filed amicus brief that the SJTA filed.
2. Periodic Review has been presented to the State Water Resource Control Board. The staff report recommends that no actions will be taken on any issues on the SJ River until 2012. Global warming trends to be evaluated.
3. ESA/Steelhead issue on new litigation should be resolved next year. The SJTA has been to court once and won. The other side went back and re-filed under a different premise, which is the current litigation.
4. Meeting with CDF&G, Bill Loudermilk and staff on NMRPO on October 10th. F&G had little input to the work done by O'Laughlin. F&G to read modeling work done by Steiner and provide details on what it is they have issues with. Will meet again in mid-November.
5. Loudermilk stated he was sending a letter to the SWB requesting they review the 1987 Stipulation Agreement as it relates to the irrigation districts.

A. COMMITTEE REPORTS

Domestic Water Committee – Director Clark stated that the Domestic Water Committee met with ID52. ID52's wells have been in disrepair and the District has been supplying them with water for some time from the District's system. The bottom line was that it will cost approximately \$17,000 per household to get into our system and get all of the pipelines replaced. ID52 is having a meeting during the first part of November here at the District office with all of the homeowners to have an open discussion and to vote on what they want to do. The Committee is recommending that they go ahead and spend the \$17,000 per household. The District has arranged for financing through Oak Valley Community Bank.

Water Committee – Director Webb stated that the committee met with one gentleman from Eugene which turned out to be an exchange of information. The committee will bring all of the information back to the full Board either the first or second meeting in November so everyone can review it.

Director Clark asked about the status of the Twer matter. General Manager, Steve Knell, stated that he was going to request that legal counsel visit the site in order to get his legal opinion on staff's recommendation.

B. DIRECTORS' COMMENTS/SUGGESTIONS

Director Alpers

Director Alpers 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 Webb

Director Webb stated that he would be surprised if the Friant settlement really works the way they say it will.

At the hour of 11:40 a.m. a motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to go into Closed Session.

**ITEM NO. 24
CLOSED SESSION**

**A. *Government Code §54957.6 Conference with Labor Negotiator*
Agency Negotiator: Katherine Boyd
Unrepresented Employees: Operating Engineers Local Union No. 3**

At the hour of 12:25 p.m. a motion was made by Director Clark, seconded by Director Taro and unanimously supported to return to the regular meeting.

General Manager, Steve Knell stated that there was no reportable action following Closed Session.

**OTHER ACTION
ITEM NO. 25**

At the hour of 12:26 p.m. a motion was made by Director Alpers, and seconded by Director Taro, and unanimously supported to adjourn to the next **regular Board of Director's Meeting** to be held on **Tuesday, November 7, 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, October 19, 2006, 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