

MINUTES

Oakdale, California
July 10, 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 9:04 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
Kathy Cook, Chief Financial Officer
Kevin King, Water Operations Manager
John Davids, Support Services Manager
Gary Jernigan, Contracts & Special Projects Manager
Bob Nielsen, Water Utilities Supervisor

Also Present: Katherine Boyd, Esq. (arrived at 11:00 a.m.)
Tim O'Laughlin, Esq. (arrived at 1:10 p.m.)

ADDITION OR DELETION OF AGENDA ITEMS

General Manager, Steve Knell, stated that Action Item No. 13 was pulled from the Agenda.

ACTION TO TAKE VARIOUS ITEMS OUT OF SEQUENCE

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to move Item No. 12 to be heard last on the Action Calendar.

At the hour of 9:04 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

There being no public comment, public comment closed at 9:04 a.m.

Director Webb requested that Item No. 10 be pulled from the Consent Calendar.

CONSENT ITEMS
ITEM NOS. 2, 3, 4, 5, 6, 7, 8, 9, 11

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS' MINUTES
OF THE REGULAR MEETING OF JUNE 19, 2007
AND RESOLUTION NOS. 2007-22 AND 2007-23

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of June 19, 2007 and Resolution Nos. 2007-22 and 2007-23.

ITEM NO. 3
APPROVE IMPROVEMENT
DISTRICT STATEMENT OF OBLIGATIONS

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

ITEM NO. 4
APPROVE RENEWAL OF DELTA
DENTAL PLAN INSURANCE COVERAGE

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve renewal of Delta Dental Plan insurance coverage.

ITEM NO. 5
APPROVE GENERAL SERVICES
AGREEMENT FOR VENDOR (HOLT OF CALIFORNIA)

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the General Services Agreement for vendor (HOLT of California).

ITEM NO. 6
APPROVE RESOLUTIONS AND CONTRACTS
WITH STANISLAUS AND SAN JOAQUIN
COUNTIES FOR PLACEMENT OF DELINQUENT
FIXED CHARGES ON THE 2007/2008 TAX ROLLS

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the Resolutions and contracts with Stanislaus and San Joaquin Counties for placement of delinquent fixed charges on the 2007/2008 tax rolls.

ITEM NO. 7
APPROVE RESOLUTIONS OF ABANDONMENT
FOR THE BROCCO DRAIN (APN: 229-015-006 – SCHULTZ)

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the abandonment of the Brocco Drain (APN: 229-015-006 – Schultz).

ITEM NO. 8
APPROVE NOTICE OF COMPLETION ON THE
UPPER SPENCER PIPELINE (APN: 062-026-002 –
OAKDALE LAND DEVELOPMENT COMPANY, INC.

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the Notice of Completion on the Upper Spencer Pipeline (APN: 062-026-002 – Oakdale Land Development Company, Inc.).

ITEM NO. 9
APPROVE NEW DIRECTORS' DIVISIONS
MAP FOR THREE (3) ANNEXATIONS
(APNS: 002-052-012, 010-011-033, AND 010-040-004)

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the new Directors' Divisions Map for three (3) annexations (APNS: 002-052-012, 010-011-033, and 010-040-004).

ITEM NO. 11
APPROVE QUITCLAIM OF RIGHT-OF-WAY
EASEMENT FOR THE FAIRBANKS
LATERAL (APNS: 207-021-001/002 – DaSILVA/DUTRA)

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the Quitclaim of Right-of-Way Easement for the Fairbanks Lateral (APNS: 207-021-001/002 – DaSilva/Dutra).

ACTION CALENDAR
ITEM NOS. 10, 13, 14, 15, 16, 12

ITEM NO. 10
APPROVE RESOLUTION OF ABANDONMENT
OF A PORTION OF THE FAIRBANKS
PIPELINE (APNS: 207-021-001/002 – DaSILVA/DUTRA)

Director Webb asked if all of the easements were in place for this abandonment. Support Services Manager, John Davids, stated that the easements have been signed and are in place.

A motion was made by Director Webb, seconded by Director Alpers, and unanimously supported to approve the Resolution of Abandonment of a portion of the Fairbanks Pipeline (APNS: 207-021-001/002 – DaSilva/Dutra).

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION AUTHORIZING
THE GENERAL MANAGER TO EXECUTE A WORK ORDER
RELEASE TO PROVIDE A RATE STUDY ON OID'S RURAL WATER SYSTEM

This item was pulled from the Agenda.

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION
TO APPROVE DEDICATION OF THE
HILLSBOROUGH 1A/SCHUTZ SUBDIVISION

A "Will Serve Letter" was issued by OID on February 20, 2007, to the Developer of the Hillsborough 1A / Schutz Subdivision. The Developer has successfully completed the conditions of the Will Serve Letter and is now petitioning OID to accept dedication of the 9-lot subdivision and to incorporate it into OID's Rural Water System No. 1.

A motion was made by Director Alpers, seconded by Director Taro, and unanimously supported to approve the dedication of the Hillsborough 1A/Schutz Subdivision.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION TO
A REVISION OF OID'S ORGANIZATIONAL
CHART AND APPROVE NEW JOB DESCRIPTIONS

With the adoption of the Water Resources Plan at the last Board meeting, OID will be moving into the implementation phase for the rebuilding and modernization of the District. As previously discussed with the Personnel Committee and advised in memos (see attached) these changes will necessitate the creation of new positions within the District and the redistribution of existing personnel. The revised Organization Chart with those associated near-term changes was attached to the Agenda Report. In addition, the revised job descriptions for each of the affected positions were also included.

A motion was made by Director Alpers, seconded by Director Webb, and unanimously supported to approve the revision of OID's Organizational Chart and the new job descriptions.

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION
ON THE 2006 OID IMPROVEMENT DISTRICTS'
AUDITED ANNUAL FINANCIAL STATEMENTS

The Improvement Districts' annual financial reporting framework is not in the GASB Statement No. 34 format.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to accept the 2006 OID Improvement Districts' Audited Annual Financial Statements.

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION ON THE
CONDE ANNEXATION (APN: 002-062-039 – CONDE FARMS)

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 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 are valuable, then why do they wish to annex to the OID? We recommend that they pursue and assert those rights in court. Similarly, if the Hilts-Bellinger rights are monetarily significant, then they should retain those rights as well and forgo annexing to OID. For OID constituents, there is no advantage to annexing the Conde lands if they are to get all rights of annexation PLUS extra rights not available to OID constituents.

Staff recommends that 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 Condes' would have to compete against other lands and pay all applicable new fees that will be in place.

The Condes were present at the hearing.

After a lengthy discussion, a motion was made by Director Clark that the Board proceed with annexation, that the 1888 Schell agreement and the Hilts-Bellinger agreement be retired and that the District continue to maintain the bridge on the Condes' property. The motion was seconded by Director Bairos, and was voted as follows:

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

The motion failed.

PUBLIC COMMENT REOPENED **ITEM NO. 1**

President Webb reopened Public Comment so that Kevin Kaufman from the Stockton East Water District could comment.

General Manager, Kevin Kaufman, from Stockton East Water District, discussed the implementation of the Transfer Agreement between the Oakdale Irrigation District, South San Joaquin Irrigation District, Stockton East Water District, and other parties. He wanted to pass on to the Oakdale Irrigation District that he and his Board feel that the Transfer Agreement implemented in 1999 has been very successful to all parties involved. He stated that the parties are currently discussing an extension to the Transfer Agreement for an additional ten years. Mr. Kaufman stated that he felt that the discussions were going very well and he wanted to thank and congratulate the Board on behalf of his Board of Directors for the Transfer Agreement.

COMMUNICATIONS **ITEM NO. 18**

A. GENERAL MANAGERS REPORT

Safety Activities

1. OID has gone 415 days without a lost time injury accident.

Administration Activities

1. OID filed its Notice of Determination on its Water Resources Plan with the County Clerk on June 20th.
2. OID had its Annual Family Night at the Modesto Nuts Baseball game. Fifty three employees and family members attended the event.
3. Gary Jernigan and the GM visited Moccasin and toured the Hetch Hetchy water system from the dam down to the afterbay at Moccasin on June 27th.

4. Met with Stockton East Water District, Stockton and Cal Water on the renewal of the existing water transfer contract on June 28th.
5. Moving to surveying the Goad property to conclude this long standing suit on the Bricchetto/Keeley system.
6. GM was sworn in as a director to the Oakdale Chamber of Commerce in Oakdale on June 27th.
7. Three local landowners approached SEWD regarding the delivery of water through SEWD's tunnel to be discharged to Little Johns Creek and eventually to their lands within OID's sphere of influence.
8. Revising job descriptions for various positions.
9. Developed side-agreements to implement conforming language changes to their contract for the Exempt, Supervisory and Confidential Employees

Water Operation Activities

1. Dealing with landowner issues regarding flooding of neighbors by neighbors

Finance Activities

1. Budget preparation.

Contract and Special Project Activities

1. Continued with the cost optimizing of Capital Projects for budgeting
2. Involved with a site visit of the Hetch Hetchy reservoirs and power plants
3. Conducted numerous field investigations for the Water Loss Recovery Program
4. Worked with Watermark Engineering on Flow Measurements on South Main
5. Contacted the Builders Exchange for contractors to bid on upcoming work
6. Conduct a site visit with Johnson Western for South Main Recovery Projects
7. Responded to SSJID on Condor's Draft Report for the Long Term Repairs to the Joint Main
8. Drafted Work Release to CH2MHILL and Issued two (2) Contracts approved by Board and drafted three (3) contracts to be issued for approval.

Construction and Engineering Activities

1. Preparation of selection criteria, interview questions and exams for Auto Shop Chief, Field Supervisor and Engineer/Assistant Engineer.
2. Preparation of DRAFT 2008 Budget for C&M and Engineering.
3. Albers Lateral Bank Rehabilitation.
4. Grant of Easement for Stueve and De Visser.
5. Preparation of items for Auction.
6. Support for Mr. Jernigan on Proposed New North Side Reservoir.
7. Trash pick-up on North and South sides.
8. Normal C&M summer repair work.

B. COMMITTEE REPORTS

There were no committee meetings to report.

President Webb asked the Directors who attended the APPA conference in San Antonio, Texas in June to comment on the conference.

Director Taro stated that China has built two stainless steel ships that will haul orange juice to stateside. Each ship will hold 90 million gallons of orange juice and wondered where that left the orange people in California and Florida.

Director Alpers stated that the conference was good and that he had attended several meetings. One meeting was a wholesale market and competition meeting which discussed the way that wholesale electric power is bid and sold and how it is going to change somewhat because of regulations. He also attended a program entitled Mandatory Reliability Regime which will require even more forms to be filled out due to increased regulations which will continue to increase. There are also some pretty hefty fines associated with these regulations. He also attended a program entitled Electricity Trends. The industry believes that as long as the natural gas market is fairly stable over the next ten years, they figure on a 15% increase which will reflect on the power prices that we receive at Tri-Dam so that is good news.

Director Alpers attended a luncheon which discussed how coal is going to take over more and more generation. Currently it is a battle the coal companies vs. Nancy Pelosi. Apparently coal will be a competitor of ours.

Director Alpers stated that energy efficiency programs are going to be entitled to CREB, grants and low cost loans. CREB coupled with the projection of energy cost is going to make a lot more sense for the installation of the Tulloch extra generator. Sixty percent of the money that they are going to make available is going to public power which the District will qualify under.

Director Alpers stated that probably the most important program that they attended was succession planning and Director Clark would comment on this program.

Director Clark also discussed CREB – Clean Renewable Energy Bonds. He stated as previously discussed, the District is probably going to move ahead and install a third generator at Tulloch. Director Clark stated that it will be about a \$15 to \$17 million dollar project and if all goes well that project will start sometime next year. Director Clark stated that currently through CREB there are interest free loans from the government available for up to half of the project cost. He further stated that there is a new bill before Congress that is an addendum to the current bill that would allow you to borrow a 100% of the entire project cost. He stated that there is approximately \$800 million dollars available for these projects. Director Clark stated that because the project is dealing with hydro the project would qualify for this loan, would be very high on the priority list, and more than likely would get the entire amount of the project financed without any interest.

Director Clark also attended a session regarding employee surveys. Director Clark gave all Directors and the General Manager a memo regarding this session. Director Clark would like to hire a consultant that would do a confidential survey of the District's employees to see what their satisfaction rate is for the District and hopefully through the survey the employees would have the opportunity to contribute ideas of what they think would make the District

better. President Webb asked the Personnel Committee to meet and discuss the possibility of conducting a survey.

Director Clark along with Director Alpers attended a program on Succession Planning. Director Clark stated that the District needs to look into the status of the District and who will be retiring in the near future and who will replace these individuals. The District needs to plan ahead and see where the District will be in a few years with its staff and retirement.

C. DIRECTORS' COMMENTS/SUGGESTIONS

Director Alpers

Director Alpers stated that he had a couple items of concern: (1) A property at the southwest corner of California and Claus has been irrigating on a regular schedule; (2) He received a copy of a letter sent by the District to an individual who is stealing water from the District. Director Alpers stated that he feels that the fine should be higher than \$100. He suggested that the fine be raised to \$250 plus the individual should be billed for the water at the appropriate rate.

Director Bairos

Director Bairos has no comments.

Director Clark

Director Clark had no comments.

Director Taro

Director Taro stated that he received a phone call from Mr. Vine who said that he has been getting flooded for twenty years. Water Operations Manager, Kevin King reported that the Water Department was taking care of this issue.

Director Webb

Director Webb commented on the District's lock and chain that had been cut. He suggested that if the gate cannot be taken out or cemented shut the gate should be welded close.

At the hour of 11:33 a.m. a motion was made by Director Clark, seconded by Director Bairos and unanimously supported to move to Closed Session.

CLOSED SESSION **ITEM NO. 19**

A. Government Code §54957

Public Employee Discipline/Dismissal/Release

General Manager, Steve Knell, reported that Closed Session Item A. was postponed until July 24, 2007.

Thereafter the Board adjourned at 11:40 a.m. to return at 1:00 p.m. thereby allowing time for the District's Water Counsel Tim O'Laughlin to arrive.

At the hour of 1:12 p.m. the meeting was called back to order with Tim O'Laughlin present.

**DISCUSSION ITEMS
ITEM NOS. 17**

**ITEM NO. 17
DISCUSSION AND UPDATE BY WATER COUNSEL ON CURRENT
WATER STATUS, WATER TRANSFER, DELTA ISSUES,
FISHERY PROGRAMS AND OTHER AREAS OF LEGAL ACTIVITY**

Water Counsel, Tim O'Laughlin, discussed the water status, water transfer, Delta issues, fishery programs, and other areas of legal activity.

At the hour of 1:50 p.m. a motion was made by Director Alpers, seconded by Director Webb to move to Closed Session.

**CLOSED SESSION
ITEM NO. 19**

B. Government Code §54956.9(b) Anticipated Litigation
One (1) Case

C. Conference with Real Property Negotiator - Government Code §54956.8

Negotiating Parties: OID, Stockton East Water District, City of Stockton
Property: Water
Agency Negotiators: General Manager and Counsel
Under Negotiation: Price and terms of payment

D. Conference with Real Property Negotiator - Government Code §54956.8

Negotiating Parties: OID, City and County of San Francisco
Property: Water
Agency Negotiators: General Managers and Counsel
Under Negotiation: Price and terms of payment

At the hour 2:30 p.m. a motion was made by Director Bairos, seconded by Director Webb, and unanimously supported to return to open session.

There was no reportable action following Closed Session.

OTHER ACTION
ITEM NO. 20

At the hour of 2:30 p.m. the meeting was adjourned to the next **Board of Director's Meeting on Tuesday, July 24, 2007, at 9:00 a.m.** at the Oakdale Irrigation District Office, 1205 East F Street, Oakdale, CA 95361.

The next **Joint Board Meeting for the Tri-Dam Project** has been scheduled for **Tuesday, July 19, 2007, at 1:00 p.m.** in the Board Room of the South San Joaquin Irrigation District 11011 East Highway 120, Manteca, California.

Steven A. Webb, President

Attest:

Steve Knell, P.E., Secretary