

MINUTES

Oakdale, California
July 21, 2009

The Board of Directors of the Oakdale Irrigation District invited all to recite the Pledge of Allegiance and then met in Regular Session at the hour of 9:00 a.m. Upon roll call, there were present:

Directors: Jack D. Alpers, President
 Al Bairos, Jr., Vice President
 Frank Clark
 Steve Webb
 Tony Taro

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

ADDITION OR DELETION OF AGENDA ITEMS

There were no additions or deletions of Agenda Items.

ACTION TO TAKE VARIOUS ITEMS OUT OF SEQUENCE

Director Alpers requested that Item No. 17 be discussed after consent calendar.

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

PUBLIC COMMENT ITEM NO. 1

Mr. Mike Cook of 1774 East J Street, commented on an encroachment letter he received regarding his property, it was referred to the water committee for further discussion.

Mr. Herman Doornenball made public his desire to run for Board Member of District 2.

Public comment closed at 9:36 a.m.

CONSENT ITEMS
ITEM NOS. 2, 3, 4, 5, 6, 8, 10, 11, 12

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS' MINUTES
OF THE REGULAR MEETING OF JULY 7, 2009
AND RESOLUTION NO. 2009-41

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of July 7, 2009 and Resolution No. 2009-41.

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

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

ITEM NO. 4
APPROVE THE TREASURER AND
CHIEF FINANCIAL OFFICER'S REPORT
FOR THE MONTH ENDING JUNE 30, 2009

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Treasurer and Chief Financial Officer's Report for the month ending June 30, 2009.

ITEM NO. 5
APPROVE ASSIGNMENT
OF CAPITAL WORK ORDER NUMBERS

A motion was made by Director, seconded by Director, and unanimously supported to approve the following Capital Work Order Numbers:

<u>Facility</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Work Order No.</u>
Townhill Lateral	Replace and upgrade to a 12" Fresno 101C slide gate	\$1,900	0935
Riverbank Lateral	Replace and upgrade to a 12" Fresno 101C slide gate	\$3,000	0936
Palmer Lateral	Replace 101C turnout gate with a 20-10C sluice gate.	\$3,837	0937
Stevenot Lateral	Acquire 60 foot deeded strip of land	\$22,300	0938

ITEM NO. 6
APPROVE AWARD OF
BID FOR CENTENNIAL JACKETS AND CLOTHING

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to award the bid for the centennial jackets and clothing to Green Rubber.

ITEM NO. 7
APPROVE RESOLUTION COMMENDING
STEVE FELTE IN APPRECIATION OF
CONTINUOUS SERVICE
FROM JANUARY 6, 1998 TO JULY 31, 2009

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Resolution Commending Steve Felte in Appreciation of Continuous Service from January 6, 1998 to July 31, 2009.

ITEM NO. 8
APPROVE PROFESSIONAL SERVICES
AGREEMENT WITH O'LAUGHLIN & PARIS, LLP

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Professional Services Agreement with O'Laughlin & Paris, LLP.

ITEM NO. 9
APPROVE GENERAL SERVICES AGREEMENTS WITH
VARIOUS VENDORS AND CONTRACTORS
(FAGUNDES & SONS, POWER SERVICES, AND SIERRA CONTROLS)

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the General Services Agreements with Various Vendors and Contractors (Fagundes & Sons, Power Services, and Sierra Controls).

ITEM NO. 10
APPROVE ENCROACHMENT AGREEMENT ON
THE LAMBUTH DRAIN (APN: 002-016-050 – MC PHEE)

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Encroachment Agreement on the Lambuth Drain (APN: 002-016-050 – McPhee).

ITEM NO. 11
APPROVE AMENDED CONDITIONS TO 2007
LETTER OF AGREEMENT (APN: 002-062-002 – JOSLIN)

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Amended Conditions to 2007 Letter of Agreement (APN: 002-062-002 –Joslin).

ITEM NO. 12
APPROVE RESOLUTIONS AND CONTRACTS
WITH STANISLAUS AND SAN JOAQUIN
COUNTIES FOR PLACEMENT OF DELINQUENT FIXED
CHARGES ON THE 2009/2010 TAX ROLLS

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Resolutions and Contracts with Stanislaus and San Joaquin Counties for placement of delinquent fixed charges on the 2009/2010 Tax Rolls.

DISCUSSION
ITEM NOS. 17

ITEM NO. 17
DISCUSSION/PRESENTATION BY CHERYL BOLIN,
DIRECTORS OF PARKS AND RECREATION, CITY OF OAKDALE

Cheryl Bolin outlined the programs being developed by the City's Parks and Recreation Department to promote water safety and water conservation. These programs were made possible through OID funding. Additionally, Ms. Bolin shared the community benefits derived from OID's funding support in keeping the City pool open this summer.

ACTION CALENDAR
ITEMS NOS. 13, 14, 15, 16

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION
ON CHANGE TO OUT-OF-DISTRICTS
RATES (APN: 207-140-008 – DA SILVA)

The Water Committee met with the Mr. Joe DaSilva on July 7, 2009 to discuss a request by Mr. DaSilva to reduce the rate charged to him for the 2009 Out of District Service Agreement on APN 207-140-008.

Background on APN 207-140-008: The subject parcel is roughly 140 acres. Mr. DaSilva primarily irrigates with recaptured tailwater, OID operational spill and incidental drain water, rarely does Mr. DaSilva call the DSO for a scheduled delivery. Essentially, Mr. DaSilva utilizes and pays for water that would otherwise be lost to the District. The net impact or

irrigation demand from Mr. DaSilva is largely unquantifiable based on his use of operational spill and drain water. Mr. DaSilva stated during the Water Committee meeting that he intends to use the OID delivered water no more than two or three times during the 2009 irrigation season.

Mr. DaSilva is asking that the District reduce the Out of District rate for this parcel based on his limited use of the agreement and the other benefits that he provides for the District.

A motion was made by Director Bairos, seconded by Director Alpers, and unanimously supported to reduce Mr. DaSilva's irrigation charges to the in district rate.

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION
TO ESTABLISH FEES FOR DRAINAGE DISCHARGE
WITH SCONZA CANDY COMPANY (APN: 063-028-024)

In correspondence dated, April 9, 2008, Sconza Candy Company requested that Oakdale Irrigation District (District) waive the annual drainage discharge fee to District facilities as was previously assessed to Hershey's Chocolate. On May 6, 2008, District's Board of Directors voted to enter into a one (1) year agreement from July 1, 2008 to July 1, 2009 with no fees assessed, and after one (1) year the drainage discharge fees would be readdressed. In correspondence dated, March 16, 2009 and May 15, 2009, District Staff reminded Sconza Candy Company that the existing Agreement was due to expire on July 1, 2009 and that they should review the fee structure as presented last year. Please refer to the attached documentation for clarification purposes. Sconza Candy Company responded on June 8, 2009 with a request to have the District consider rescinding the annual fee for discharge.

Sconza Candy Company now admits that the discharge water volume to the canal will be similar in amounts discharged when Hershey's owned the plant. Nevertheless, Sconza Candy Company estimates that the District derives a benefit of more than 2,300 acre-feet per annum from the acceptance of discharge water from the plant. Based on this supposed benefit, Sconza Candy Company requests that the discharge fees be rescinded.

Per Board policy, the assessment of fees for users of OID facilities are outlined in OID's Release of Liability and Temporary Permit for Use of District "Conveyance Channels". Per policy, the fee for discharge is outlined in section 10; based on allotting 2 hours per week at the current Assistant Watermaster wage plus "overhead" over a 52 week period equates to \$6,428.24 as the cost of the "retainer" plus a charge of 1 hour per week at the current Assistant Watermaster wage plus "overhead" for the operation and oversight of the canal during the 5 month winter period (October 15 → March 15) is \$1,298.02. The revised discharge fee would be \$7,726.26 for the period of July 1, 2009 to July 1, 2010. Discharge fees are calculated annually and are subject to change based on annual salary adjustments and changes to overhead.

As directed by the Board of Directors at their June 23, 2009 Board meeting, the fee schedule was reviewed by the Water/Engineering Committee, District Staff, and Sconza Candy Company on July 7, 2009. At that meeting, it was the Water Committee's recommendation that the fee schedule remain as set-forth above. Water Committee members and District Staff will be available to answer any remaining questions that the Board of Directors may have.

As a reminder to the Board, Hershey's was a discharger and Hershey's paid the discharge fee; ConAgra was treated the same; Sconza should be treated no different. The District fully recognizes the benefit of Sconza Candy Company to the local economy, however District Staff and District Policy, and the implementation of policy over the years has been consistent, commercial discharges pay a discharge fee. To do otherwise would be unfair.

City of Oakdale is an option if they consider OID's fee assessment too cumbersome.

A motion was made by Director Webb, seconded by Director Alpers, for the discharge fee to remain the same and was voted as follows:

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

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION
AUTHORIZING AWARD OF BID TO LOWEST
QUALIFIED BIDDER FOR THE
SOUTH MAIN CANAL & TUNNEL IMPROVEMENT PROJECT

Staff solicited bids for the South Main Canal and Tunnel Improvement Project from fifteen (15) contractors of which eight (8) attended the mandatory Pre-Bid meeting. The bids were originally due on July 14, 2009 but the date was extended to July 17, 2009 due to the number of questions being asked and the request from three (3) bidders to extend the bid date as long as possible. Bids will be received on July 17, 2009 and the recommendation will be presented, with all of the back up, to the Board at the July 21, 2009 Board Meeting. Due to the complexity and magnitude the award is required on this date to meet the project schedule.

The Engineer's Estimate for the South Main Canal and Tunnel Project is \$6,500,000.

Doug Benton with Sierra Mountain Controls was present and stated that according to the Public Contract Code they have the right to review all bid documents submitted. He further stated that if the District awards this project to Magorian Mine Services his company plans to file a bid protest because they feel that the low bidder does not have the public work experience necessary as required in the bid documents. He requested that the Board not award the bid at this time and allow Sierra Mountain Controls an opportunity to review all bid documents.

A motion was made by Director Webb, seconded by Director Bairos, and unanimously supported to award the bid to Magorian Mine Services contingent upon Magorian Mine Services satisfying all contract elements.

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION AUTHORIZING AWARD OF BID
FOR PURCHASE OF MITIGATION CREDITS FOR THE NORTH SIDE
REGULATING RESERVOIR TO COMPLY WITH THE TERMS AND
CONDITIONS OF THE U.S. FISH AND WILDLIFE SERVICE BIOLOGICAL OPINION

In order to construct the North Side Regulating Reservoir and to comply with the terms and conditions of the final U.S. Fish and Wildlife Service (USFWS) Biological Opinion (BO), Oakdale Irrigation District (OID) must purchase mitigation credits from a Service Approved Mitigation Bank whose service area includes the North Side Regulating Reservoir Project Site as defined in the BO. OID Staff solicited bids from five (5) mitigation banks, of which three (3) responded. The results are summarized on the attached bid analysis spreadsheet. Staff recommends authorizing the award of bid as follows:

Bid Item 1: Purchase 2.4 acres of Vernal Pool Preservation Credit from the Great Valley Conservation Bank at a unit cost of \$60,000 per acre for a total cost of \$144,000.

Bid Item 1A: Bid Item 1A is no longer necessary based on the fact that the final rare plant survey conducted on 7/8/09 did not find the presence of either Greene's tuctoria or succulent owl's clover. Based on the date of the final rare plant survey this information was not known at the time that the bid packages were sent out.

Bid Item 2: Purchase 101 acres of California Tiger Salamander (CTS) Habitat from the Fitzgerald Ranch Mitigation Bank at a unit cost of \$4,891 per acre for a total cost of \$493,991.

In January of 2009 the Board reviewed anticipated environmental mitigation costs for the North Side Regulating Reservoir Project and directed Staff to proceed with stipulating to the presence of federally-listed vernal pool crustaceans and CTS. At that time, the costs estimated to comply with USFWS mitigation requirements was estimated at \$1,212,000. Given those costs shown above and the amount estimated in January, the anticipated cost savings to OID for USFWS mitigation is \$574,009. OID Staff attributes the cost savings to the state of the economy and current bid environment. Please note that this does not account for U.S. Army Corp of Engineers mitigation which will be forthcoming.

As shown in the attached documentation, Drayer Ranch Conservation Bank provided bids on each of the three (3) different bid items. None of its three bids was the lowest qualified bid on any of the three bid items. In addition, Drayer Ranch Conservation Bank stated that in the event that its bids were not determined to be the lowest qualified bid, it was willing to discount the rates a certain percentage below the lowest qualified bid based on a sliding

scale set forth in its bid package. OID Staff confirmed with Legal Counsel on 7/14/09 that such a bid is a non-responsive bid and, as a result, the offer of a discount off of the lowest qualified bid cannot be entertained.

Staff was available to answer any questions that the Board of Directors may have.

After a lengthy discussion by the Board a motion was made by Director Webb, seconded by Director Bairos. Thereafter there was further discussion by the General Manager Steve Knell and the Board of Directors.

Litia Miller appeared on behalf of Drayer Ranch Conservation Bank to explain the bid that was submitted. Ms. Miller stated that Drayer Ranch Conservation Bank feels that they submitted the responsive lowest bid and followed the directions given in the bid package and subsequent letter. She stated that if the Board is not going to follow that format then the District should send the bid package out again and ask for new bids.

Director Webb withdrew his motion.

A motion was made by Director Alpers, seconded by Director Clark to award the bid to Great Valley for Vernal Pool Preservation, to Fitzgerald Ranch for Tiger Salamander Habitat, and all discount bids are rejected. By roll call the vote was as follows:

Director Bairos:	Yes
Director Alpers:	Yes
Director Clark:	Yes
Director Webb:	No
Director Taro:	No

**DISCUSSION
ITEM NOS. 18**

**ITEM NO. 18
PRESENTATION ON IRRIGATION
DISTRICT OPERATIONAL METRICS**

At the United States Committee on Irrigation and Drainage Conference in Reno last June, the GM gave a PowerPoint presentation on a paper written by him on operational metrics for an irrigation district.

General Manager Steve Knell gave the PowerPoint presentation to the Board.

ITEM NO. 19
COMMUNICATIONS

A. GENERAL MANAGERS REPORT

Safety Activities

1. 190 days without a lost time injury accident.
2. Throw bag training was provided to C&M employees.

Administration Activities

1. Attempting to schedule a Meet and Confer with OE3 on the use of discipline as it relates to use of GPS data.
2. The last State impediments to move OID's assistance water to the westside irrigation districts have been removed.
3. Working with Bill Paris on the Knights Ferry Closing Brief.
4. LAFCO hearing on Conde Annexation scheduled for July 22nd.
5. National Day of the Cowboy July 25th.
6. Working with CHP on MOU for bus inspections.
7. Stanislaus County Fair begins at the end of the month.
8. Staff will prepare a revised 2009 Budget and present to the Finance Committee based on actions taken at the Tri Dam Meeting on Thursday.
9. Legal Notes:
 - A Dec Relief action from Honchariw Revocable Trust in Knights Ferry is at Schrimp's office.
 - No change in Lubber's suit
 - Fields injunction and sanctions motion, scheduled for July 2nd has been rescheduled for the third time to August 27th.

Contract and Special Project Activities

1. Little John Creek Dam Project – Final control installation to be completed by Sierra Controls for the SCADA system after the agreement with the landowner has been signed for access to the signal relay tower.
2. Riverbank/South Main – This project is closed with the final payment being made for retention.
3. Fairbanks/SSJID Main – The Notice of Completion was filed on May 5, 2009 thus the 30-day period has passed. The final invoice with remaining lien releases have been received from Preston Pipeline and final payment will be made on July 21, 2009.
4. South Main Canal and Tunnel Projects – Bid Packages were sent out on June 16, 2009. The Pre-bid meeting and Job Walk were completed on June 25, 2009. Bids were due on July 14, 2009 but this was extended to July 16, 2009 due to the extent of questions. The award recommendation will be made at the July 21, 2009 Board Meeting. The contract award is targeted for the end of August with a Notice to Proceed on September 15, 2009.
5. 2-Mile Bar Tunnel (CEQA & Engineering) - Condor continues to perform some preliminary engineering to support CH2MHILL on the CEQA evaluation for the 2-Mile Bar Tunnel. Dave Giomi of Cogdill & Giomi Property Appraisers has been released to

perform the land appraisal for the Right-of-Way land acquisition. The land appraisal will require 45-60 days to complete.

6. North Side Regulating Reservoir – Bids were released on June 29, 2009 as planned. Fifteen contractors have requested bid packages. The Pre-bid meeting was held on July 9, 2009 in the OID office with a job walk on the same day. Twenty-One contractors attended the Pre-bid meeting. Bids are due July 29, 2009.
7. Landowner Meetings continue for the North Side Reservoir, Clavey Drop and the South Main Canal Rehabilitation Projects. These Landowner meetings will continue for the next two months.
8. Development of the project schedules are in progress for the North Side Regulating Reservoir, Cashman Dam and the South Main Projects. The Construction Management Program is being developed now for all of the 2009/2010 projects from a Priority List received from Water Operations.
9. Contract Administration activities on issued contracts to be renewed and/or issued, Work Releases and Change Orders for all contracts.
10. Organizational and project execution plans are being developed and assemble for all the 2009/2010 projects and will be completed by August 7, 2009.
11. Field Engineering Training program conducted with the Project Coordinator. Will continue with the engineering staff.
12. Contract Management course assemble and will began July 20, 2009.
13. Construction Management and Contracts Administration manuals being developed.

Construction & Maintenance Activities

1. Review of Job Set Up Forms
2. Various Landowner meetings regarding maintenance work.
3. Preparing and conducting evaluations with the Support Services employees.
4. Assisting Engineering Department with constructability review of Capital Improvement Projects.
5. Conducted “throw bag” training on July 9th with the Oakdale Rural Fire Department. The hands - on training was informative for all who participated.
6. Met with Jim Brunk on July 13th to discuss the details of the agreement as it pertains to dirt acquisition. Engineering Dept. preparing the agreement that is anticipated to be on the August 4th Board Agenda.
7. Met with Director Bairos to discuss a potential 100,000 yard dirt stock pile on the south side of the District.
8. C&M crews concentrating efforts to gain back drive able access on District facilities throughout the District. Currently working on the Tulloch, Riverbank, & Burnett Laterals.

Engineering Activities

1. Continuing to work with V.A. Rodden on Phase I work, future phases (II and III) and Annexation. Phase I invoices received Thursday, July 16, 2009.
2. P&P working on design drawings for 2009/2010 Capital Projects.
3. Continuing to work with USACOE and USFWS as it pertains to environmental mitigation on the North Side Reservoir Project. USFWS Mitigation awarded today. Awaiting final decision document from USACOE. Working with FISHBIO on MOU for Honolulu

Mitigation. Met with Bob S. of the RWQCB on 7/20/09 concerning the 401. Construction on the reservoir is set to begin on August 20th.

4. Preconstruction photos for the 2009/2010 Capital Projects have been completed and comprehensive photo log binders have been assembled.
5. Landowner meetings for the 2009/2010 Capital Projects are nearly complete.
6. No word from Mr. Hansen since correspondence was sent.
7. Correspondence with Willms Ranch, LLC Attorney concerning latest proposal. To be discussed with Water Committee.
8. P&P working on abutment design for new bridge to span Wildcat Creek.
9. Ongoing project status meetings with Provost and Prichard, Inc.
10. Correspondence received from Mr. and Mrs. Airola on July 10, 2009

Finance and Accounting Activities

1. Preparation of the implementation of the new enterprise software.
2. Busy with many customer inquiries regarding past due bills and payment schedules.
3. Reviewed TDP semi-annual cash disbursements options.
4. The new account clerk will start the week of July 20th.

B. COMMITTEE REPORTS

Water/Engineering Committee Meeting, July 7, 2009

- Northcutt Deferred Conditions Agreement (APN: 010-049-019 – Cree PL)
- Lev Encroachment Review (APN: 062-016-016 – Crane PL & Raney Pump PL)
- Joe DaSilva's Out-of-District Rate
- Charles Smith Annexation (APN: 010-040-005)
- Sconza Drainage Agreement
- Brakers Encroachment Request (APN: 062-010-026 – Langworth PL)

Director Webb commented on another item the Committee was dealing with involving a fence that needs to be removed from an OID easement. The Committee agreed once again that the fence needs to be removed from the OID easement.

Finance Committee Meeting, July 14, 2009

- Review Second Quarter Highmark Investment Portfolio

Director Clark stated that the Finance Committee met with Highmark Investment to discuss the District's second quarter portfolio. Director Clark stated that the District is in great shape.

Director Bairos stated as per the auditors suggestion, Kathy has been spending more time with Highmark and discussing our portfolio in depth a little bit more. Even though our investment returns are low they are safe so we are in good shape.

C. **DIRECTORS' COMMENTS/SUGGESTIONS**

Director Webb

Director Webb complimented the Chief Financial Officer Kathy Cook on her Comprehensive Annual Financial Report. Director Webb further stated that everybody should email, call, write their state senator or assemblymen and tell them it's not okay to steal four billion dollars from special districts, cities and counties. That is not how you balance a budget by putting other people into a default situation.

Director Clark

Director Clark had no comments.

Director Alpers

Director Alpers had no comments.

Director Bairos

Director Bairos also complimented the Chief Financial Officer on her Comprehensive Annual Financial Report. Director Bairos further commented on how he appreciated the Parks and Recreation's presentation and letting OID know how the money is being spent.

Director Taro

Director Taro had no comments.

OTHER ACTION
ITEM NO. 20

The meeting adjourned at the hour of 10:45 a.m. The next Regular Board Meeting of the **Oakdale Irrigation District Board of Directors** is scheduled for **Tuesday, August 4, 2009 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, August 20, 2009 at 9:00 a.m.** in the board room of the Oakdale Irrigation District, 1205 East "F" Street, Oakdale, CA.

Jack D. Alpers, President

Attest:

Steve Knell, P.E., Secretary