

MINUTES

Oakdale, California
September 4, 2007

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 Alpers, Vice President
Al Bairos, Jr.
Frank B. Clark
Tony Taro (arrived at 9:03 a.m.)

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
Kathy Cook, Chief Financial Officer
Bob Nielsen, Water Utilities Supervisor

ADDITION OR DELETION OF AGENDA ITEMS

There were no additions or deletions

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

There being no public comment, public comment closed at 9:01 a.m.

Director Clark requested that Item No. 3 be removed from the Consent Calendar; and Director Bairos requested that Item No. 6 be removed from the Consent Calendar.

CONSENT ITEMS

ITEM NOS. 2, 4, 5, 7, 9, 10, 11, 12, 13

ITEM NO. 2

**APPROVE THE BOARD OF DIRECTORS'
MINUTES OF THE REGULAR MEETING OF
AUGUST 21, 2007 AND RESOLUTION NO. 2007-34**

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 August 21, 2007 and Resolution No. 2007-34.

ITEM NO. 4

**APPROVE BALLOT FOR CSDA BOARD OF
DIRECTORS ELECTION 2007 AND ACWA OFFICIAL
REGION 4 BOARD BALLOT 2008-2009 TERM**

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the ballot for CSDA Board of Directors Election 2007 and the ACWA Official Region 4 Board Ballot 2008-2009 Term as voted by the General Manager.

ITEM NO. 5

**APPROVE ASSIGNMENT OF CAPITAL
IMPROVEMENT WORK ORDER NUMBERS**

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the Capital Improvement Work Order Numbers.

ITEM NO. 7

**APPROVE REJECTION OF CLAIMS FOR
DAMAGES BY VARIOUS KNIGHTS FERRY WATER
USERS AS A RESULT OF A SCHEDULED
SHUT DOWN FOR REPAIRS TO THE JOINT MAIN CANAL**

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the rejection of the Claims for Damages submitted by various Knights Ferry water users and forward the claims to ACWA/JPIA for handling.

ITEM NO. 8

**APPROVE ENCROACHMENT AGREEMENT ON
THE UNION DRAIN (APN: 015-001-067 – VEGAS)**

A motion was made by Director Clark, and seconded by Director Bairos, and unanimously supported to approve the Encroachment Agreement on the Union Drain (APN: 015-001-067 – Vegas).

ITEM NO. 9
APPROVE LETTER OF AGREEMENT
PERTAINING TO EXCHANGE OF
PROPERTIES (APN: 064-032-019 – BLOM)

A motion was made by Director Clark, and seconded by Director Bairos, and unanimously supported to approve the Letter of Agreement pertaining to exchange of properties (APN: 064-032-019 – Blom).

ITEM NO. 10
APPROVE RESOLUTION OF ABANDONMENT
OF A PORTION OF THE BRICHETTO
LATERAL RIGHT OF WAY (APN: 064-032-019 – BLOM)

A motion was made by Director Clark, and seconded by Director Bairos, and unanimously supported to approve the Resolution of Abandonment of a portion of the Brichetto Lateral right of way (APN: 064-032-019 – Blom).

ITEM NO. 11
APPROVE RESOLUTION OF ABANDONMENT
OF A PORTION OF THE MOOTZ
DRAIN (APN: 063-029-066/067 – LINDY FARMS)

A motion was made by Director Clark, and seconded by Director Bairos, and unanimously supported to approve the Resolution of Abandonment of a portion of the Mootz Drain (APN: 063-029-066/067 – Lindy Farms).

ITEM NO. 12
APPROVE OAKDALE IRRIGATION
DISTRICT'S INTERIM CALIFORNIA ENVIRONMENTAL
QUALITY ACT (CEQA) GUIDELINES

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the District's Interim California Environmental Quality Act (CEQA) Guidelines.

ITEM NO. 13
APPROVE RESOLUTIONS FINDING
VARIOUS PROJECTS EXEMPT UNDER CEQA

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to approve the Resolutions finding various projects exempt under CEQA.

ACTION ITEMS
ITEM NOS. 3, 6, 14, 15, 16, 17, 18

ITEM NO. 3
APPROVE OAKDALE IRRIGATION
DISTRICT STATEMENT OF OBLIGATIONS

Director Clark asked the General Manager, Steve Knell, to explain the \$118,000.00 payment to Merced Irrigation District for the Vamp Water Transfer True-up. General Manager, Steve Knell, explained that there are only three entities who give water to Vamp; Merced Irrigation District, Oakdale Irrigation District, and South San Joaquin Irrigation District. Merced Irrigation District is obligated for the first 25,000 acre feet of this obligation and this year there was a gauge problem on the San Joaquin River at Vernalis. After the error was discovered it was determined that Merced Irrigation District over released water beyond its 25,000 due to this gauge problem. Oakdale Irrigation District and South San Joaquin Irrigation District had to repay Merced Irrigation District for that water that was over released.

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

ITEM NO. 6
APPROVE PROFESSIONAL SERVICES
AGREEMENT AMENDMENT TO CH2M HILL
FOR MODESTO RESERVOIR FEASIBILITY STUDY

Director Bairos asked if this additional technical support was included in the original Professional Services Agreement with CH2M Hill. General Manager, Steve Knell, responded that Dan Steiner was contacted after the District went forward with the feasibility study. Dan Steiner had already completed operational studies on the Tuolumne River and by sub contracting with Mr. Steiner it will save the District money by not having to pay CH2M Hill to conduct this study.

A motion was made by Director Bairos, seconded by Director Clark to approve the Professional Services Agreement Amendment to CH2M Hill for Modesto Reservoir Feasibility Study, and was voted as follows:

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

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION ON
SUPPORTING A PROPOSAL FOR WATER EDUCATION
IN THE OAKDALE JOINT UNIFIED SCHOOL DISTRICT

The Community Relations Committee has had numerous meetings with School Officials on how to better reach and educate our young people on the importance of water to our area

and the region as a whole. Included in this Board Report is a proposal to meet those ends. The Proposal provides for a two tiered approach in bringing water education to the classroom; first at the 4th grade level and then again at the 6th grade level. An outline of the Program and a 3-year budget are included for the Board's review.

Anne Marie Bergen and Barbara Shook from the Oakdale Unified School District were present at the hearing.

A motion was made by Director Clark, and seconded by Director Alpers, and unanimously supported to approve the proposal for water education in the Oakdale Joint Unified School District.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION
ENDING THE 2007 IRRIGATION SEASON
AND BEGINNING THE 2008 IRRIGATION SEASON

The 2007 Irrigation Season will end on September 30th, on the 10th day of Rotation 17. The end of the irrigation season ends OID's water availability for 2007 and all waters delivered after September 30th are charged to OID's 2008 water usage. This item is on the agenda for the Board to either approve the use of water in October or not. At a minimum, staff recommends finishing Rotation 17 such that all Water Users are provided with equal opportunities for water. In so doing, the District is committing to use approximately 3,600 acre-feet of 2008 water. In addition, the District has already committed to using 4,300 acre-feet of 2008 water for reimbursement of 2007 VAMP deliveries. If an additional rotation is offered, all users would be offered an opportunity to take one more irrigation, thereby ending Rotation No. 1 at midnight on October 16th (12-day rotation).

Fiscal & Water Allocation Impacts of Various Options

End Date Options	Estimated District Fiscal Impact	2008 Allocation Impact (Est.)	+	2007 VAMP	=	Total 2008 Allocation Impact
September 30, 2007	None	0 Ac-Ft	+	4,300 Ac-Ft	=	4,300 Ac-Ft
October 4, 2007	\$8,750	3,600 Ac-Ft	+	4,300 Ac-Ft	=	7,900 Ac-Ft
October 16, 2007	\$43,750	14,600 Ac-Ft	+	4,300 Ac-Ft	=	18,900 Ac-Ft

A motion was made by Director Webb, seconded by Director Taro, to end the 2007 irrigation season on September 30, 2007, and begin the 2008 water season with Rotation No. 1 on October 4, 2007 for one twelve (12) day rotation which will end at midnight on October 16, 2007, and was voted as follows:

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

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION
ON CONDUCTING AN EMPLOYEE SURVEY

At the APPA convention, some of the attending Directors visited a seminar discussing the merits of employee surveys as a means to benchmark the organization in a variety of areas. On July 17, 2007 the Personnel Committee further discussed the benefits of conducting an employee survey within the organization and brought the issue to the full Board for discussion on August 21, 2007.

A motion was made by Director Clark, seconded by Director Alpers authorizing the General Manager to execute a contract for services with SDS to conduct an employee survey, and was voted as follows:

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

ITEM NO. 17
REVIEW AND TAKE POSSIBLE ACTION ON
RECOMMENDATION FOR TRI-DAM INTERNAL
CONTROLS FOR THE SEPTEMBER 20, 2007 TRI-DAM MEETING

In response to the Board's direction at their meeting of August 21, 2007, the following recommendations are based on the internal control structure already in place at OID as required by the Board and those recommended by the Government Finance Officers Association.

Recommendation No. 1:

- Establish an Audit Committee of the Joint Boards.

Responsibilities

- Selecting the independent auditor
- Providing independent oversight and review of all aspects of the financial reporting process, especially internal controls and the independent audit of the financial statements.
- Reach a conclusion whether the financial statements are fairly presented.
- Providing a public report annually on how it discharged its responsibilities (can be accomplished through committee reporting at the board meeting).

An Audit Committee serves as the practical means for independent review and oversight of a public agency's financial reporting processes, internal controls, and independent auditors.

- Establish pre-audit and post-audit committee meetings with the auditor.

Provides a forum separate from management in which the Committee and auditor(s) can candidly discuss concerns. Attached is an article from GFOA Government Finance Review, April 2007 edition, "A New Vision for Public Sector Audit Committees".

- Responsible parties for implementation: *Tri-Dam Board and General Manager*

Recommendation No. 2:

- Develop a written Manual of Accounting Policies.

This manual would consist of policies adopted by the Board and should be updated as policies change. Policies should delineate the authority, limits, and responsibility of all employees, especially the authority to authorize transactions and the responsibility for the safekeeping of assets and records.

- Develop written Standard Accounting Operating Procedures.

Standard Operating Procedures (SOP) should contain step-by-step information on "*How-To-Do*" a particular accounting function. Examples of the type of information that may be included in an SOP are:

- What documents are needed to perform the task?
- Where are these documents located?
- What policy guidelines pertain to this task? (i.e. authorizations)
- How to access accounting software?
- What employee performs the task?

Procedures should be described as they are actually intended to be performed rather than in an idealized form and updated as procedures change. SOPs are essential in the event that personnel performing the accounting are unable to work due to unforeseen circumstances.

- Responsible parties for implementation: *Tri-Dam staff*

Recommendation No. 3:

- Develop Segregation of Duties

Segregation of duties is a basic, key internal control and not always easy to achieve. It is used to ensure that errors or irregularities are prevented or detected on a timely basis. Simply stated, it means that no single individual should have control over two or more phases of a transaction or operation.

The following are a few examples of incompatible duties performed by a single individual:

- Authorizing transaction, receiving and maintaining custody of the assets that resulted from the transaction.
- Receiving checks (payments on account) and approving write-offs.
- Depositing checks/funds and reconciling back statements.
- Approving time cards and having custody of the pay checks.

When determining segregation of duties three general categories are reviewed: authorization, recordation, and reconciliation. An ideal system would be that different employees perform each of these categories. Staffing levels at Tri-Dam currently inhibit this principal internal control. Segregation of all the categories may not be cost effective. However, segregation of the general ledger account reconciliation process may provide adequate internal controls while considering Tri-Dam's organizational structure. SSJID and OID can share in providing this function of accounting. It is my understanding that SSJID currently does not have adequate personnel, however, will in the future. OID does have adequate personnel and can take the initial lead. When SSJID is in the position the sharing of this function can occur.

The following is a non-exclusive list of general account reconciliations:

Cash and cash equivalent	Accounts payable
Accounts receivable	Payroll payable
Inventory	Long-term debt
Prepaid	Accrued payable
Other asset	Deposits Held
Capital asset accounts and depreciation	Deferred Credits
Construction-in-progress	Revenue
Long term asset	

- Responsible parties for implementation: *Shared by OID and SSJID personnel*

Recommendation No. 4:

- Develop an Investment Policy that is in accordance with the California Government Code and clearly defines responsibilities.
- Monthly financial reports submitted to the Board to include portfolios provided by the investment management firm and/or authorized investment manager (including those statements from LAIF), and should clearly delineate each investment manager performance yield.
- Responsible parties for implementation: *Tri-Dam staff*

Attached is the State Administrative Manual (SAM) regarding internal controls. SAM is a reference source for statewide policies, procedures, regulations and information developed and issued by authorizing agencies such as the Governor's Office, Department of General Services, Department of Finance, and Department of Personnel Administration.

Three of the four above referenced recommendations could be implemented by Tri-Dam staff. The other shared by OID and SSJID personnel.

A motion was made by Director Bairos, seconded by Director Alpers, and unanimously supported to forward all information provided for this agenda item to the Tri-Dam General Manager, Steve Felte and request that it be placed on the Tri-Dam Agenda for September 20, 2007 as a discussion item, and to forward an additional copy of all of the information to South San Joaquin Irrigation District General Manager, Stevan Stroud.

ITEM NO. 18
REVIEW AND TAKE POSSIBLE ACTION ON
THE "WILL SERVE LETTER" FOR THE
PROPOSED LANDS OF SHATSWELL SUBDIVISION

The original will serve letter for the Lands of Rae Subdivision expires on September 6, 2007. Mr. Shatswell, is the developer of the Hillsborough Estates No. 2 Subdivision, has now taken over this development and requesting an extension to the will serve letter. Once completed this new system will become part of OID's Rural Water Systems.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to extend the "Will Serve Letter," and to change the language in the letter to state that the buy in fees are subject to change if the subject water system is not completed within the time frame of the Will Serve Letter.

DISCUSSION ITEMS
ITEM NOS. 19, 20

ITEM NO. 19
DISCUSSION ON THE DISTRICT'S
OBLIGATIONS REGARDING BRIDGES
WITHIN ITS MAIN CANAL DELIVERY SYSTEM

Included in the Board Agenda Report was a listing of the different bridge and crossing languages used in the 33 deeds acquired by OID in its efforts to secure rights of way for its South and North Main Canals in the early 1900's. Please note in staff member Joe Fos' memo, the OID committed to 71 bridges and crossings in the 33 deeds mentioned above. A physical count of those bridge facilities today yields only 23 bridges.

Also included in the report was a memo from a staff intern at Curtis and Arata, OID's General Counsel, regarding the Conde Bridge. The memo was included in the agenda report as a reference in support of the legal position OID has taken with respect to the

Conde Bridge, and to outline for the Board the position of staff with respect to how it intends to handle all future bridge issues. The legal memo and staff's position were consistent.

While OID's position may surely be challenged in the coming years, it is important to remind the Board that any change in policy with regard to how it perceives its obligations towards these bridges and crossings should come at the direction of the court, not by Board concessions at the request or urgings of a landowner. In this instance, the impact of any decision to change policy has a 71 fold impact to the bottom line at OID, and that cost could be substantial to the constituents of OID.

General Manager, Steve Knell, discussed the possible obligations the District may have concerning bridges within its Main Canal delivery system.

ITEM NO. 20
DISCUSSION OF ITEMS FROM THE
SAN JOAQUIN RIVER GROUP
AUTHORITY MEETING OF AUGUST 31, 2007

Director Alpers and the General Manager attended the San Joaquin River Group Commission meeting last Friday, August 31st, and advised the Board on discussions and actions taken at that meeting.

COMMUNICATIONS
ITEM NO. 21

A. GENERAL MANAGERS REPORT

Safety Activities

1. 470 days without a lost time injury accident.
2. Derek Davis and GM attended SEMS and NEMS (State and National Emergency Management Systems) Training the evening of August 22nd.

Administration Activities

1. Sean Willadsen was promoted to Auto Shop Chief filling the vacancy of Tony Priola who retired.
2. Difficulty in finding interested technical applicants for District Engr., Assistant Engr., and Field Supv.
3. OE3 Representatives (Thistle, Prescott and Dietrich) received Job Site Safety Orientation Training on August 27th.
4. Legal Issues consuming staff time;
 - a. Goad settlement
 - b. Knight's Ferry dec relief
 - c. PERB's
 - d. Chappell Drain
 - e. Annexations and Conde's bridge

5. Admin Issues consuming staff time;
 - a. CCSF / Modesto Reservoir Feasibility Study
 - b. Preparing for negotiations with CCSF
 - c. Preparing for negotiations with SEWD
 - d. Investigating Modesto City proposal for water treatment
 - e. 5-Year Capital CIP and Finance Options
 - f. 2008 Budget preparations
 - g. Community Report Articles and Publication
 - h. P.R.&R. review status
 - i. Revising OID's Strategic Plan
 - j. Relocation of OID offices
 - k. Head hunting to fill 3 critical staff vacancies

Water Operation Activities

1. System operations normal for this time of year. Cutting water orders as demand decreases due to crop maturity in rice and corn and the almond harvest begins.

Finance Activities

1. Domestic Improvement District Committee Meetings to review next year's budgets are set for the week of September 17, 2007.
2. Preparation of memo regarding Tri-Dam internal control recommendations as instructed by OID Board.
3. Update 5-year CIP Plan submitted to Finance Committee.
4. Continue working on 2008 draft budget.

Contract and Special Project Activities

1. P&P, CH2MHILL and OID continue with North Side Reservoir designs.
2. Scope of Work being developed for Knights Ferry water system alternatives.
3. Bid packages out for the Brichetto/Claribel Control Structure Modifications, Burnett/Tulloch Control Structure Modifications, Grider Pipeline Recapture Project and the Reed Pipeline Canal Crossing at SSJID.
4. Continued field investigations for the Water Loss Recovery Program.
5. Continued field investigations to support CH2MHILL on the water conveyance to the Modesto Reservoir.
6. Continued document review of PEIR for the CCSF Water System Improvement Project.
7. Contract Administration on issued contracts and contracts to be renewed and/or issued.

Construction and Engineering Activities

1. Suspense Form Review and Response.
2. Giuliani and Kull, Inc. project support.
3. Provost and Prichard, Inc. project support.
4. Preparation of Cape Horn Tunnel access easements and staging areas.
5. Sean Willadsen appointed to Shop Supervisor position.
6. Glen Rathbun appointed to Interim Field Supervisor.
7. Preparation of 2007/2008 Winter Work Schedule.
8. Normal summer C&M duties.
9. Sonora road paving completed.

B. COMMITTEE REPORTS

Water/Engineering Committee Meetings

Friday, August 24, 2007 @ 8:00 a.m.

- Water Education
- Achieving Distinguished District Certification

Finance Committee Meeting

Friday, August 24, 2007 @ 9:00 a.m.

- 5-Year Capital Projects Plan
- Discussion on General Counsel's Performance
- Review Second Quarter Highmark Investment Portfolio

C. 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 stated that he was pleased that the District was going to provide one October rotation.

Director Webb

Director Webb had no comments.

OTHER ACTION **ITEM NO. 22**

At the hour of 11:15 a.m. a motion was made by Director Bairos, seconded by Director Taro, and unanimously supported to adjourn to the next **Board of Director's Meeting on Tuesday, September 18, 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, September 20, 2007, at 9:00 a.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