

MINUTES

Oakdale, California
September 5, 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
Gary Jernigan, Support Services Manager
Kevin King, Water Operations Manager
Bob Nielsen, Water Utilities Supervisor

Also Present Katherine R. Boyd

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 9:02 a.m. the Board welcomed public comment.

PUBLIC COMMENT ITEM NO. 1

There being no public comment, public comment was closed at 9:02 a.m. and the Board Meeting continued.

Director Frank Clark requested that Item No. 3 be removed from the Consent Calendar.

General Manager, Steve Knell, requested that Item No. 4 be removed from the Consent Calendar.

CONSENT ITEMS
ITEM NOS. 2, 5, 6, 7, 8, 9, 10, 11

ITEM NO. 2
APPROVE THE BOARD OF DIRECTORS'
MINUTES OF THE REGULAR MEETING OF AUGUST 15, 2006
AND RESOLUTIONS 2006-39, 2006-40, AND 2006-41

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 August 15, 2006 and Resolutions 2006-39, 2006-40, and 2006-41.

ITEM NO. 5
APPROVE EASEMENT REDUCTION ON THE GRIDER
PIPELINE AND THE CAMPBELL PIPELINE (APN: 229-090-008/010)

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the easement reduction on the Grider Pipeline and the Campbell Pipeline (APN: 229-090-008/010).

Mr. Myers was present at the meeting and asked for permission to address Consent Item No. 5. Mr. Myers stated that he did not know until Friday that the District had two additional conditions and he stated that he could not agree with the two additional conditions.

The General Manager, Steve Knell, stated that this was a conditional approval and if Mr. Myers cannot agree with the conditions then the matter will come back as a contested item on the Action Calendar at which time it can be discussed further or it can be resolved in the interim.

ITEM NO. 6
APPROVE QUITCLAIM OF RODDEN DRAIN
(APN: 063-013-009/010; 063-014-027/028)

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Quitclaim of Rodden Drain (APN: 063-013-009/010 and 063-014-027/028).

ITEM NO. 7
APPROVE ABANDONMENT OF THE RODDEN DRAIN
(APN: 063-013-009/010; 063-014-027/028)

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Abandonment of Rodden Drain (APN: 063-013-009/010 and 063-014-027/028).

ITEM NO. 8
APPROVE ENCROACHMENT AGREEMENT ON THE
CATON LATERAL (APN: 229-012-030 – DaSILVA)

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Encroachment Agreement on the Caton Lateral (APN: 229-012-030 – DaSilva).

ITEM NO. 9
APPROVE ENCROACHMENT AGREEMENT ON THE
LANGWORTH PIPELINE (APN: 063-049-033 – WHITELEY)

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Encroachment Agreement on the Langworth Pipeline (APN: 063-049-033 – Whiteley).

ITEM NO. 10
APPROVE RESOLUTION TO SURPLUS
TWO (2) USED TRUCK FLATBEDS

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Resolution to surplus two (2) used truck flatbeds.

ITEM NO. 11
APPROVE RESOLUTION TO SURPLUS
DISTRICT EQUIPMENT AND AUTO PARTS, ETC.

A motion was made by Director Alpers, seconded by Director Bairos, and unanimously supported to approve the Resolution to surplus District equipment and auto parts, etc.

ACTION CALENDAR
ITEMS 3, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21

ITEM NO. 3
APPROVE OAKDALE IRRIGATION
DISTRICT'S STATEMENT OF OBLIGATIONS

Director Clark had a question concerning the restocking charge for pipe in the amount of \$9,654.74 to Rinker Materials.

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

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION ON
REQUEST TO BACKFILL THE ABANDONED WEST
OAKDALE NO. 1 PIPELINE ON GAGOS PROPERTY

On August 21, 2006 I had the opportunity to talk further to legal counsel on the request of Mr. Gagos to backfill the abandoned West Oakdale Pipeline on the Gagos property. The occasion was a preliminary deposition conference on the Gregg lawsuit.

Tom Brazier, JPIA contract attorney, offered the following:

1. OID has no right to perform activities on private lands that are not in the scope of its services.
2. If in the future there is a problem, OID will be responsible for any and all work it performs on what are now private lands. OID should check with JPIA to see if OID would be covered by a subsequent claim should there be a problem related to the work it did. Chances are, OID would not be covered.
3. Mr. Brazier is working on a couple of claims for similar abandonment's by the Santa Clara County Water District. He stated that SCCWD backfilled and then abandoned a main canal in the Gilroy area. That land was sold to a developer who built homes on and below the old backfilled canal. The canal slipped in the fill area and damaged the homes on and below the old canal alignment. SCCWD is being sued for its actions.

At the very most, Mr. Brazier would suggest that the landowner get an estimate for the work from a reputable contractor, bring in the estimate to the OID to see if the Board would pay the estimated cost to backfill the now private ditch by this contractor. If so, the Board's agreement to pay should be contingent on the landowner signing a release of liability form provided by OID. This would be his limit of recommendation.

Mr. Gagos was present at the hearing and discussed the issues of backfilling the abandoned West Oakdale No. 1 Pipeline.

After an extensive discussion by the Board and Mr. Gagos a motion was made by Director Clark and was seconded by Director Taro to fill in the West Oakdale No. 1 Pipeline and level it off to the contour of the existing hillside on Mr. Gagos' property and was voted as follows:

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

ITEM NO. 13
REVIEW AND TAKE POSSIBLE ACTION
ON CLAIM FOR DAMAGES ON THE PEART DRAIN (TWER)

Mr. Twer brought this flooding claim to the Board of Directors on June 6, 2006 and it was rejected. Subsequent to that rejection ACWA/JPIA claims manager Dick Damon called on

August 14, 2006 and stated they too have declined to pay for damages resulting from any rainfall events on Twer's property.

Reasons stated by Mr. Damon were:

1. Mr. Twer built a home in a low area prone to flooding from even the smallest rain events.
2. Damages resulting from rain events outside the periods in which OID has water in its irrigation system are not OID's responsibility, especially when the events are significant.
3. No one can differentiate the waters contributed by the small OID ditch, which maybe holds 2-3 cfs, from those generated by the 200 plus acre drainage area upstream of the Twer's property.

As a personal observation, Twer's own photos show flows 20 to 30 times those that could have come from the small OID ditch leading to his property.

Providing compensation for damages caused by rain events outside the irrigation season could set an economic precedence that could be a financial detriment to OID.

Mr. Twer was present at the hearing and discussed his claim for damages on the Peart Drain.

Director Alpers stated that there are two things we need to know: (1) determine how the water gets to the property; and (2) see if there is anything that can be done with that water. Mr. Alpers stated that if it is a natural drain running through Mr. Twer's property then there is nothing that can be done. Mr. Twer agreed with Mr. Alpers comments.

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to have the Water Committee go out and meet with Mr. Twer and get a good analysis of what is happening on Mr. Twer's property and bring it back to the Board for further discussion.

ITEM NO. 14
REVIEW AND TAKE POSSIBLE ACTION ON
CONDITIONAL "WILL SERVE LETTER" FOR A LOT SPLIT
ON BLACK OAK COURT IN IMPROVEMENT DISTRICT NO. 46

The existing residential lot located at 9806 Black Oak Court (APN: 010-025-071) is an oversized parcel located within the boundaries of the Improvement District No. 46 domestic water system. The landowner is proposing to split off approximately 0.74 acres creating a new parcel that when finished will be supplied with potable water from the Improvement District No. 46 domestic water system.

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to approve the Conditional "Will Serve Letter" for a lot split on Black Oak Court in Improvement District No. 46.

ITEM NO. 15
REVIEW AND TAKE POSSIBLE ACTION ON
ISSUANCE OF A "WILL SERVE LETTER" FOR
THE PROPOSED LANDS OF THOMAS SUBDIVISION

The Developer (Mr. Randy Thomas) is requesting a will serve letter for six (6) new residential lots to be located between the Hillsborough Estates No. 2 Subdivision and the Stanislaus River. The proposed water system would connect to OID's existing RWS in the area of Fox Borough Drive and River Ranch Court at the east end of the Hillsborough Estates No. 1 Subdivision.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to approve the issuance of a "Will Serve Letter" for the proposed Lands of Thomas Subdivision.

ITEM NO. 16
REVIEW AND TAKE POSSIBLE ACTION ON
AWARD OF BID FOR THE GRIDER PIPELINE REPLACEMENT PROJECT

Staff has solicited bids for the Grider Pipeline Replacement Project from six (6) contractors. The contractors were RTC, Mozingo Construction, Cunningham & Sons, Preston Pipeline, Ford Construction and Clyde Wheeler Pipeline. Bids were received from RTC, Mozingo Construction, Ford Construction and Preston Pipeline. Mozingo Construction was the low bidder at \$114,645.

A motion was made by Director Clark, seconded by Director Bairos, and unanimously supported to Award the bid for the Grider Pipeline replacement Project to Mozingo Construction.

ITEM NO. 17
REVIEW AND TAKE POSSIBLE ACTION ON
AWARD OF BID ON PURCHASE OF FUEL AND SERVICE TRUCK

The truck used for fueling and servicing equipment in the field is scheduled for replacement in 2006. Staff requested bids from three (3) vendors who were Carco Industries, Inc. of Tualatin, Oregon, Equipment Wholesale of Escondido, California and McLellan Equipment, Inc. of South San Francisco, California. Staff received bids from Carco Industries and Equipment Wholesale. McLellan Equipment was non-responsive by failing to submit their quote in a timely manner.

The bid received from Carco Industries was for a 2007 vehicle while the vehicle quoted from Equipment Wholesale was a 2006 vehicle. The fuel truck quoted by Carco Industries will meet the 2007 smog emission standards but the 2006 vehicle from Equipment Wholesale will have to be modified by the District post purchase to meet the new emission requirements at an approximate cost of \$9,000 to \$12,000. The new fuel and service truck was originally budgeted for \$85,000 but the higher steel cost and higher emission standards has increased the cost. The Carco Industries 2007 vehicle is quoted at \$13,000 more than the Equipment Wholesale 2006 vehicle. The Carco Industries provides an air

compressor which meets District requirements while Equipment Sales supplied air compressor does not and would have to be replaced.

A motion was made by Director Alpers, seconded by Director Clark, and unanimously supported to award the bid to Carco Industries for the purchase of the fuel and service truck.

At the hour of 10:30 a.m. a motion was made by Director Webb, seconded by Director Alpers, and unanimously supported to go to Closed Session.

ITEM NO. 26
CLOSED SESSION

A. Government Code §54956.9 Existing Litigation
(1) Goad

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

C. Government Code §54957
Public Employee Discipline/Dismissal/Release

At the hour of 10:59 a.m. a motion was made by Director Webb, seconded by Director Alpers and unanimously supported to return to the regular meeting.

General Manager, Steve Knell, reported that the Public Employee Discipline/Dismissal/Release matter was continued to the next regularly scheduled Board Meeting. There was no other reportable action following Closed Session.

ACTION CALENDAR
ITEMS 4, 18, 19, 20, 21

ITEM NO. 4
APPROVE NOTICE OF COMPLETION ON THE
LANGWORTH PIPELINE AND THE RODDEN-PHINNEY
PIPELINE (APN: 062-005-016/018 – FRONTIER LAND COMPANIES)

The Oakdale Irrigation District (OID) Board of Directors approved a Developer Agreement on March 7, 2006 for Frontier Land Companies to relocate portions of the Langworth Pipeline and the Rodden-Phinney Pipeline, as part of the construction of the Vineyard III Subdivision in Oakdale, California. The work has been completed to the satisfaction of the District. Frontier Land Companies has posted a Warranty Surety in the amount of \$9,000.00, in compliance with the requirements of the Developer Agreement.

General Manager, Steve Knell, requested that the Board conditionally approve this item pending the arrival of the warranty surety in the amount of \$9,000.

A motion was made by Director Clark, seconded by Director Webb, and unanimously supported to conditionally approve the Notice of Completion on the Langworth Pipeline and the Rodden-Phinney Pipeline (APN: 062-005-016/018 – Frontier Land Company) pending receipt of the warranty surety.

ITEM NO. 18
REVIEW AND TAKE POSSIBLE ACTION AUTHORIZING
GENERAL MANAGER TO EXECUTE A PROFESSIONAL
SERVICES AGREEMENT FOR ENGINEERING SERVICES

In April of this year Oakdale Irrigation District (OID) released a Request for Qualifications (RFQ) as it pertains to general engineering design services. In return, OID received seven (7) Statements of Qualification (SOQ) from consulting firms located in California and Arizona. As part of the selection process, OID asked three (3) consulting firms to come for an additional interview with the “core” project team. Those firms were GEI/Bookman Edmonston, CH2M Hill and Provost and Prichard. All of the interviews have been completed and following a final selection a Professional Services Agreement will be entered into with the design firm(s) of choice.

With the completion of the Water Resources Plan (WRP), OID is poised to begin further refinement of the WRP which will lead directly into final design and construction of new infrastructure. While current budget predications indicate that significant capital project funds will not be available for at least a couple of years, OID must begin the design process now.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to bring the Professional Services Agreement for Engineering Services back to the Board for review prior to the General Manager Executing the agreement.

ITEM NO. 19
REVIEW AND TAKE POSSIBLE ACTION ON
APPROVAL OF RESOLUTION ADOPTING A RESERVE POLICY

At the June 6, 2006 board meeting Director Alpers and staff provided material and a presentation regarding establishment of additional reserve funds within the OID budget framework. The Board instructed staff to develop a Reserve Policy for review.

Staff developed the attached policy and presented it to the Finance Committee for review and/or comments on Monday, August 7, 2006.

Under the State Constitution, Article XIII B, Section 5, Government entities may establish reserve funds as they “deem reasonable and proper.” Establishing adequate cash reserves is an essential part of sound financial management. These reserves play a critical role in providing reliable service, financing long-term capital projects and responding to emergencies.

This policy provides. . .

- documentation on the linkage between revenues and needs of the district.
- an easy access opportunity for the public to review how and where their money is being used.
- a visible tool for tracking purposes and support for replenishment of certain reserves.
- staff with guidelines on the intent of Board direction.
- the Board with certainty that their directed programs have a funding source.

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

ITEM NO. 20
REVIEW AND TAKE POSSIBLE ACTION ON
BOARD AND STAFF ATTENDANCE AT ACWA
2006 FALL CONFERENCE IN ANAHEIM, CALIFORNIA

The ACWA 2006 Fall Conference is from December 5 to December 8, 2006 in Anaheim. As always, the conferences have a variety of informative seminars and workshops to help educate those in the water business.

A motion was made by Director Webb, seconded by Director Alpers, and unanimously supported to approve the Board and Staff attendance at the ACWA 2006 Fall Conference and the JPIA Conference in Anaheim, California.

ITEM NO. 21
REVIEW AND TAKE POSSIBLE ACTION ON
THE DISTRICT'S PARTICIPATION AS A SPONSOR
AT THE ACWA 2006 FALL CONFERENCE & EXHIBITION

Becoming an ACWA sponsor is a good way to get our name out amongst those in the water community and to foster and promote wise water management decisions in our State. Attached is a list of the type of sponsorship categories offered for the Fall Conference for the Board's consideration.

A motion was made by Director Clark, seconded by Director Alpers, and unanimously supported to approve the District participating as a sponsor at the ACWA 2006 Fall Conference & Exhibition and make a contribution of \$1,500 at the Silver Level.

DISCUSSION ITEMS
ITEM NOS. 22, 23, 24

ITEM NO. 22
DISCUSSION ON THE INTEREST IN THE
RELOCATION OF THE OID HEADQUARTERS

On August 21, 2006 a Finance Committee meeting was held in which one agenda item was a presentation made by Jim Marshall (property manager) and Manny Vierra (property owner) of the lands to the east of OID. Mr. Marshall had months earlier expressed an

interest in his client talking to OID regarding its interest in selling OID's property. A discussion ensued and the Committee stated they would bring the idea back to the rest of the Board for some direction.

Mr. Vierra stated he would not pursue contacting the city until such time as the Board agreed that some interest existed from OID. His interest in talking to the City is finding what, if any, limitations the City may have on the land use for OID's parcels.

General Manager, Steve Knell, was instructed to contact Mr. Vierra and advise him that the Board continues to have interest and if he would like to contact the City of Oakdale he certainly can go ahead and do it.

ITEM NO. 23
DISCUSSION ON JOINT MAIN REPAIR PROJECT

This is an information item only so staff can brief the Board on the upcoming winter repairs planned by SSJID to the Joint Supply Canal and Tunnels.

ITEM NO. 24
DISCUSSION ON ETHICS TRAINING POLICY

AB1234 took effect on January 1, 2006. This Bill required all Special District Directors and Trustees to receive ethics training by December 31, 2006. AB 1234 also requires the Districts to have a written policy setting forth the requirements of AB 1234. The District has drafted a policy in compliance with AB 1234 and is submitting this to the Board for Discussion.

This policy will be brought to the Board at the next regularly scheduled Board Meeting for adoption.

ITEM NO. 25
COMMUNICATIONS

Safety Activities

1. OID has gone 103 days without a lost time injury accident.

Water Operations Activities

1. OID is on 12-day rotations and will stay in this mode until the end of the irrigation season.

Administration Activities

1. The Water Resources Plan continues with draft PEIR documents for Land Use and Air Quality being evaluated.
2. Goad Deposition was held on August 16th. Mr. Abbott has withdrawn as Goad's attorney.
3. Gregg Deposition was held on August 22nd.
4. OID has hired 3 new DSOs in Water Operations and 3 Temp Workers in C&M.

5. PG&E is looking for testimony on their Advice 2834-E notice before the CPUC which outlines a bill credit program to irrigation districts with hydroelectric power contracts through them.
6. Marjorie Blom called from LAFCO regarding Mr. Zwald who farms around Eugene area. Mr. Zwald called me. Said has experienced significant economic harm by OID not bringing water to Eugene and he is going to sue us.
7. Dick Damon with ACWA/JPIA called on Twer. Item is on this agenda.
8. Ms. Zierman called on Orsi Road thinking it was OID tearing up the road and her property. It turned out to be a contractor hired by the developer.
9. Two OID employees got married, Gary Green and John Ash
10. Stanislaus Water Summit III was attended on August 23rd. Groundwater activities were the topic.
11. Looking to secure our financing of the Golden West Nuts annexation.

Finance Department

1. Sent customer past dues to counties for collections.
2. Finalizing 2007 budget after meeting with Finance Committee on August 21st
3. Finalize Reserve Policy.
4. Meet with all our domestic improvement districts regarding annual budgeting and reserve funding.
5. Annexation agreement financing development.

C&M Operations Activities

1. Cleaning Kearny Drain.
2. Stowell Lateral clean up.
3. Clean up of borrow site and removal of equipment.
4. Developing Guniting schedule for this winter.
5. Developing winter work schedule.

Engineering Activities

1. Interviews for engineering firms on their SOQs.
2. Reservoir borrow site development.
3. 2006/7 Capital Project designs.
4. Condor meetings on South Main Tunnel relocation.
5. Annexation agreement support.

A. COMMITTEE REPORTS

Director Alpers reported on the Domestic Water Committee Meeting held on August 31, 2006 and stated that ID 52 seems to be interested in the idea of fixing their system, bringing it up to code, and becoming part of our system. They are going to discuss this with their committee members.

B. DIRECTORS' COMMENTS/SUGGESTIONS

Director Alpers

Director Alpers had no comments.

Director Clark

Director Clark had no comments.

Director Taro

Director Taro had no comments.

Director Webb

Director Webb had no comments.

Director Bairos

Director Bairos had no comments.

OTHER ACTION
ITEM NO. 17

At the hour of 11:53 a.m. a motion was made by Director Clark, and seconded by Director Alpers, and unanimously supported to adjourn to the next **regular Board of Director's Meeting** to be held on **Tuesday, September 19, 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, September 21, 2006, 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