

MINUTES

Oakdale, California
February 3, 2004

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: Frank B. Clark, President
Steve Webb, Vice President
Jack Alpers
Louis Brichetto
Tony Taro

Staff Present: Steve Knell, P.E., General Manager/Secretary
Gary Jernigan, P.E., Support Services Manager
Kevin King, Special Projects Coordinator
Kathy Cook, Chief Financial Officer/Treasurer

PUBLIC COMMENT

Mr. Dan Ortiz requested that the Board grant permission to a group youth awareness rally during the month of April for approximately two hours. The Board concurred that Mr. Ortiz should submit a letter to the General Manager requesting inclusion on a future agenda for the Board's consideration.

Mr. Ken Krause stated that previously he had questioned the safety policy and workman's compensation issues at OID and was told that they were adequate. Large organizations such as OID have someone on board who works with employees to reduce reportable lost-time incidents. They also work with the doctors involved as lost time accidents to get employees back on the job as soon as possible. These actions aid in reducing our workman's compensation overhead which as is quite large.

Mr. Krause also commented regarding a recent news article on easements and encroachments that appeared in the Modesto Bee. He didn't think it was very good. Mr. Krause also stated that he sees OID selling water out of district to pay its bills and that is something that he and others will not support.

Mr. Declean Reen requested that the Board consider the resolution of a bill from OID regarding damages to a pipeline (East Stub) on his property. Director Clark advised Mr. Reen that the Board could not interfere in this as it was a matter currently in litigation.

Mr. Lorens Foard commented regarding the enhancing of the OID image. He expressed his inability to obtain information from his Director, Mr. Taro in that he is told that his board package is marked confidential. Mr. Foard expressed his displeasure with the Board of

Directors and pointed to many of their recent actions such as changing of the surplus property policy, mismanagement of maintenance, buying property without property investigation, the VAMP program, the digging of deep wells alongside the South Main regulatory reservoir, and spending large sums of money to investigate one of its own directors.

Ms. Delores Cole addressed the Board regarding out-of-district irrigation and the notification regarding the rate changes for that irrigation. She stated that a public hearing should be held before any rate change occurs.

Director Alpers stated water costs the district \$35.00 an acre foot and OID furnishes it for \$.50 on the dollar. Director Alpers stated that a public hearing was held; it was on the agenda last time. He further stated that OID is trying to do a good job and cut the costs, but questioned why people in the district should supplement the cost of water from people that voluntarily elect to leave OID.

Mr. Dennis Edge questioned the proposed rate increase that was discussed at the last meeting. Director Alpers stated that the rates would be on the action calendar in March. General Manager Steve Knell stated at the last meeting the Board adopted the policy changes only. In November there was a discussion item on the proposed changes in the out-of-district service agreement. All the board comments were taken and incorporated into the out-of-district service agreement. The board will review the rates in March.

Dennis Edge complimented the work of the new Support Services Manager Gary Jernigan and expressed the fact that he is already proving to be very professional.

**ADDITION OR DELETION OF
AGENDA ITEMS**

There were no additions or deletions of Agenda items.

**ACTION TO TAKE VARIOUS ITEMS
OUT OF SEQUENCE**

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

ITEM NO. 2 COMMUNICATIONS

A. GENERAL MANAGER'S REPORT

Resource Issues

1. Groundwater Management
 - a. OID met with Naser Bateni with BE to identify our needs in the consolidated GWM Plan effort.
2. Water Quality Issues-Ag Waiver
 - a. The River Group is working with URS to meet the April 1st deliverable for individual dischargers.
 - b. A Farm Bureau synopsis of actions taken by SWRCB states that the RWQCB envisions the watershed groups assuming a "regulatory role" in the enforcement of the Ag Waiver.
3. Water Quality Issues-Salt and Boron
 - a. Conference call held on Jan 28th on this subject.
4. Water Quality Permit Issues-Aquatic Pesticide Permit
 - a. The Neg. Dec. adopted by our Board on the 20th seems to have caught the commenter off guard due to their assumption our Board meeting date fell on the same week the other Boards met. Water Counsel will brief the Board in closed session on the potential litigation that this has or may present.
5. NAPA Proposal
 - a. Conference call scheduled for February 11th.
6. State Fees for DODS and Diversions
 - a. OID has assembled its costs for this. The total cost for all 15 licenses held by both districts and Tri-Dam is \$44,360. OID will pay and invoice other districts for their share.
7. VAMP
 - a. The 2003 Report is being prepared.
8. Water Report
 - a. OID's rain gauge has accumulated 5.96 inches from October 1 to January 30 2000.
 - b. BOR long range forecast indicates the very same weather patterns as last year.

Current and Pending Resource Contracts

1. Hazard Assessment of North and South Main Canals
 - a. Looking to end by the last week of February.
2. Water Measurement Plan
 - a. Instruments are in and a plan has been put in place to install all devices by the start of water season.
3. Ag Water Management Plan-On the agenda
4. Water Resources Plan-No activities to report.

Current Internal Activities

1. Reorganization Plan
 - a. John Davids, OID's Assistant Engineer starts work February 9th.
2. Stolen Quad
 - a. The complexities and costs for keeping the stolen quad, reversing liens, title corrections, repayments, etc. made keeping the stolen quad more costly than it is worth.
3. Community Activities
 - a. Director Clark and GM attended the annual Chamber of Commerce Awards Dinner, Friday, January 16th.
 - b. CII Conference attended by Staff and 2 Board members.
 - c. OID received the Presidents Award for its achievement in reducing its liability claims.
4. Staff Training
 - a. C&M and Water Operations personnel attended the Stockton Ag Expo last week.
5. Miscellaneous Notes
 - a. The City of Oakdale is interested in purchasing the site OID sits on. If no objections they would like to have OID's property appraised, at no cost to OID.

Current Construction/Maintenance/Engineering Activities

1. The Joint Main Canal has had some problems this year. Originally SSJID had budgeted for some stabilization problems that were known which were going to cost OID about \$5-6K, which we budgeted. Since then, we have experienced a rock fall and a ceiling collapse within one of the tunnels. Estimated cost for all repairs has escalated to \$39.5K. We will make budget adjustments for the unbudgeted repairs.
2. GM approved a service contract for Allen Waggoner Construction to install a 1-inch service connection on Black Oak Court. His cost was \$5,700 and no other contractors who were contacted wished to submit bid. There is no cost to OID for this work. The purpose of expediting this over Board award and approval was to meet an urgent landowner need for the service connection in ID 46.

Domestic Water Activities

1. ID 52 Meeting held on January 28th. Attendance was very good. Supervisor Pat Paul was present as well.

Financial Activities-Year-end 2003

The Financial Report submitted in today's board packet has been provided for internal reporting purposes only. This report for the year ending December 31, 2003 does not reflect all closing year-end entries.

1. Revenues
 - a. Year-end operating revenues exceeded the budget by \$722K primarily as a result of:
 - i. SJRG Agreement difference water sold to USBR - \$358K
 - ii. Demutualization of Principal Financial Group - \$150K
 - iii. Contributions in aid of construction - \$120K
 - iv. Developer's rural water system buy-in - \$70K

- b. Other revenues exceeded the budget by \$90K primarily as a result of increased County Property Taxes appropriations.
- 2. Operating Expenses
 - a. Operations and Maintenance expenses ended the year under budget by \$370K, primarily as a result of: 1) increased man hours on capital projects; 2) the reallocation of non-productive man hours to General and Administration, and 3) decrease in utility costs.
- 3. Irrigation Water Operations
 - a. Water Operations expenses exceeded the budget by \$100K primarily as a result of under estimating transportation costs.
- 4. General and Administrative
 - a. G&A expenses ended the year under-budget by \$600K primarily as a result of expense credits from transportation charges allocated to Operations and Maintenance, and Water Operations.
 - b. Employee benefit expenses (i.e. health, dental, vision, life, Medicare & social security, and retirement) ended the year under-budget by \$70K.
 - c. Operating expenses remained on track.
 - d. Attorney fees are under budget by 31% or \$47K.
- 5. Capital Projects
 - a. Capital Project costs ended the year at \$3.75 million. The Financial Report (pages 10 – 12) gives a detailed report of the projects associated with these costs.
 - b. Capital Purchases ended the year under budget by \$166K primarily due to not purchasing a CAT backhoe and an equipment trailer.

Projects on the Table

- 1. Hirschfeld Lateral Project
 - a. Currently under construction for that portion through Jake Weeda's property.
- 2. Mootz Drain-Dennis Edge
 - a. A landowner meeting occurred and a good result for gaining access to Mr. Edge's property. Construction to begin soon.
- 3. MID Drainage Agreement Review-No activities to report
- 4. Annexations
 - a. Mr. Cenbrano has been added to the list of 7 seeking annexation to OID. Mr. Cenbrano, who leases land to Joe DaSilva, did not receive notice of the annexation opportunity due to the fact that Mr. DaSilva pays the water charge. Mr. Cenbrano has just shy of 25 acres to annex.

Pending List of Jobs

- 1. Additional items being researched and to be added to this list.
 - a. Lower Cometa-Steve Kistler-No activities to report
 - b. Frobose Ditch-Bob Frobose-No activities to report
 - c. Brady Pipeline-No activities to report.

Legal Activities

- 1. Water Counsel to report to the Board today.
- 2. General Counsel-No new activities to report.

B. COMMITTEE REPORTS

Finance Committee:

- Director Frank B. Clark reported that the Finance Committee met yesterday. The Committee recommends that OID have a long-term financial plan in order to take this out 10 years and begin to do an assessment on income, capital projects, and risk assessments as to financial income and what potential regulatory issues may be facing OID. The Finance Committee will be meeting every 30 days and will report back to the Board as they make progress in the development of this plan.

Domestic Water Committee:

- Director Clark stated that the Domestic Water Committee will be meeting with the City of Oakdale. The City was send a letter asking them to meet with the committee to talk about groundwater management, the town water, and future water needs for the City of Oakdale and how we can work with the City to meet what future requirements they may have.
- Jack Alpers stated that the Committee met with ID No. 52. There was a good turn out and the consensus of the group was for them to hook up at a cost of approximately \$30,000 and then a minimum of another \$150,000 they will need for a new well. It was pointed out that the improvement districts are not building adequate reserves. Pat Paul from the County Board of Supervisors attended the meeting. It is a little tough for the group to realize that they have an assessment of \$5,000 to \$7,000 next year, but that is because they kept the fees down and didn't build a contingency fund.

C. DIRECTORS' COMMENTS

Director Brichetto:

- Director Brichetto suggested that as to Mrs. Cole perhaps the General Manager and the Support Services Manager should take a look at those pipes if they are installed properly and resolve this easily.
- Director Brichetto stated he disagreed with raising the rates without notification and as far as the guys that are trying to get annexed it might take up to a full year. If they want to come into the district and be part of the district we are penalizing them in the mean time.

Director Alpers:

- Kevin King, Tom Laidlaw, Mike Hanf, Director Clark and Director Alpers attended the California Irrigation Institute Conference in Sacramento for two days. This brought into play what the public's image is of an irrigation districts. It brought into play what the politicians are trying to do for water transfers, etc. There were a few people from Los Angeles Water District, East Bay MUD that were good speakers. It was an eye opener on how much strength the urban people have versus how little strength the irrigation districts have. We have to keep in mind how we protect our water rights, which was the key note to the discussions.

- Director Alpers commented regarding a recent article in the Modesto Bee about MID boosting its Ag water rates; however, Mr. Estrada didn't get the facts correct. Oakdale fees are almost half of what MID gets. Both OID and SSJID are probably doing the best job at keeping their costs way down.

Director Clark:

- Director Clark stated that he wanted to compliment Derek Davis who worked very hard at putting together a Safety Training Plan for OID. OID will recommend to ACWA that he receive some kind of recognition for that. The Plan details the mandatory training required by OSHA and all the training that we need that is job-related. Director Clark further stated that once the program starts moving along you will see a much better attitude about safety, more cognizances on the part of the employees about safety, and more responsibility will be delegated to the supervisors to enforce safety and work with safety.
- Director Clark requested that on the next agenda there be a discussion regarding the Water Committee and the General Manager working toward the implementation of a dedicated ditch canal cleaning project. The ditchtenders have been asked to identify and prioritize all the ditches in the district that need cleaning. If the Board approves this program, you will begin to see ditches opened and OID will gain the access they need to maintain their system.

Director Taro:

- Director Taro questioned whether there was an emergency on Pioneer this morning as he noticed crews working in the rain. Support Services Manager Gary Jernigan stated that the crews were removing debris and wood from the channel.

CONSENT ITEMS NO. 2, 4, 5, 6, 7, 8, 9, 10,

ITEM NO. 2

**APPROVE THE BOARD OF DIRECTORS' MINUTES OF THE
REGULAR MEETING OF JANUARY 20, 2004**

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the Board of Directors' Minutes of the Regular Meeting of January 20, 2004.

ITEM NO. 4

**APPROVE THE MONTHLY CHIEF FINANCIAL OFFICER'S REPORT
FOR THE MONTH ENDING DECEMBER 31, 2003**

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the monthly Chief Financial Officer's Report for the month ending December 31, 2003.

ITEM NO. 5
APPROVE THE LANGWORTH LATERAL QUITCLAIM
AND ACCEPTANCE OF NEW EASEMENTS

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the Langworth Lateral Quitclaim and acceptance of new easements.

ITEM NO. 6
APPROVE THE BROWN PIPELINE QUITCLAIM AND
ACCEPTANCE OF NEW EASEMENTS

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the Brown Pipeline Quitclaim and acceptance of new easements.

ITEM NO. 7
APPROVE THE DEVELOPER AGREEMENT, PROCEDURES AND
ENCROACHMENT AGREEMENT FOR ESCALON RANCH COLONY
SUBDIVISION ON WELLER AND HUFFMAN PROPERTIES

The developers of Escalon Ranch Colony Subdivision are selling the lots of that development as having the ability to irrigate via OID services. OID requires a private irrigation system installed for the service to each lot. The documents will provide the developers with an agreement to install that private irrigation system and obtain an encroachment agreement for the portions of that system that will be constructed with OID easements.

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the Developer Agreement, Procedures and Encroachment Agreement for Escalon Ranch Colony Subdivision on Weller and Huffman properties.

ITEM NO. 8
APPROVE THE FAIRBANKS LATERAL RIGHT-OF-WAY QUIT CLAIM

The Fairbanks Lateral Pipeline has been relocated parallel to the south side of Edwards Avenue. The landowners requested abandonment of the 60' right-of-way.

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the Fairbanks Lateral Right-of-Way Quit Claim.

ITEM NO. 9
APPROVE GENERAL MANAGER TO EXECUTE A CONTRACT
WITH FAGUNDES AND SONS FOR THE
RELOCATION OF THE OAKDALE LATERAL PIPELINE

The Board approved a Developer Agreement for the relocation of the Oakdale Lateral Pipeline, quit claimed an existing easement and acquired a new easement for the Oakdale Lateral last year. A contract was included for the relocation of the pipeline to the new easement.

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the General Manager to execute a contract with Fagundes and Sons for the relocation of the Oakdale Lateral Pipeline.

ITEM NO. 10
APPROVE THE CASH CALL INVOICE TO
MODESTO IRRIGATION DISTRICT FOR THE
CONSOLIDATION OF THE
INDIVIDUAL GROUNDWATER MANAGEMENT PLANS
INTO ONE PLAN

The General Manager had briefed the Board numerous times on the movement of this work. Participating and contributing agencies include City of Oakdale, Riverbank and Modesto, the County of Stanislaus, and Modesto Irrigation District and Oakdale Irrigation District. All agencies are being invoiced for the same amount.

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to approve the cash call invoice to Modesto Irrigation District for the consolidation of the individual Groundwater Management Plans into one plan.

ACTION ITEMS
ITEMS NO. 3, 11, 12,

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

Director Brichetto questioned the status of the attorney's bill for Curtis & Arata. General Manager Steve Knell stated that OID contested an item on the previous bill and they were working on getting that corrected.

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

ITEM NO. 11
REVIEW AND TAKE POSSIBLE ACTION TO
APPROVE THE AWARDING OF A CONTRACT TO
TARGET SPECIALTY PRODUCTS FOR THE
PURCHASE OF PESTICIDES

OID bid forms were sent to UAP Timberland, Target Specialty Products, Western Farm Services, and Wilbur Ellis Company. Close of bids was December 29, 2003. Only Target Specialty Products responded with a written quote. Target has a long history in providing OID with both materials and technical field support for 9 of the last 11 years. Target has proven to be very reliable, and offers continuing educational opportunities to its customers. Based on proven history and performance, it was recommended that OID accept Target Specialty Products as the pesticide materials supplier for the 2004 season.

A motion was made by Director Webb, seconded by Director Taro to approve Target Specialty Products for the purchase of pesticides.

Director Brichetto stated that there are lower prices in the market and that he was unclear as to why no other bids were received.

The motion to approve Target Specialty Products was withdrawn.

A motion was made by Director Taro, seconded by Director Brichetto seek additional bids and resubmit to the Board for approval.

ITEM NO. 12
REVIEW AND TAKE POSSIBLE ACTION ON A
MEMBERSHIP WITH THE
CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

CSDA is dedicated to advocating and strengthening special district governance by providing services and support to its members. Through membership, special districts take an active role in educating the general public, its constituents and legislators as to the important role that special districts play in California. Additionally, members receive access to education and training, insurance programs, legal advice, industry-wide litigation and public relations support, legislative advocacy, capital improvement and equipment funding, and, most importantly, current information that is crucial to a special districts management and operational effectiveness.

A motion was made by Director Alpers, seconded by Director Brichetto and unanimously supported to approve a membership with the California Special Districts Association.

DISCUSSION ITEMS 13, 14,

ITEM NO. 13
DISCUSSION ON THE STATUS OF
OAKDALE IRRIGATION DISTRICT'S
AG WATER MANAGEMENT PLAN

The General Manager briefed the Board on the status of OID's Ag Water Management Plan.

General Manager Steve Knell stated that the Board had approved the preparation of this plan. Since that time, staff met with Grant Davids of Davids Engineering to talk about the preparation of the plan. An AB3616 Efficient Water Management Practices in OID was submitted for Board review, detailing the State requests of items that an irrigation district will do either as mandatory or exemptible requirements in preparation of the Ag Water Management Plan.

Steve Knell stated that OID was required to prepare the plan and will be refunded \$10,000 upon successful submittal. Originally the District submitted a plan in 1997, however, it was returned in 1998 as being insufficient. Mr. Knell stated further that he would be meeting with Mr. Mike Wade, Ag Water Management Counsel executive officer later this month and talk about where OID is. OID is actually progressing more than other irrigation districts. The OID Newsletters and some Board items have been sent to Mr. Wade showing that OID is moving toward action on their plan and how it is almost impossible for to make some commitments without knowing the financial implications of a greater water resources planning picture that needs to be developed first.

ITEM NO. 14
DISCUSSION ON A POLICY CHANGE TO
INCREASE THE CONTRACT APPROVAL AUTHORITY
FOR THE GENERAL MANAGER

OID's current policy requires the Board to approve any contract whose value is \$2,000 or greater. In today's world, very little public works business is conducted which is under this \$2,000 amount. The existing restriction severely hampers staff's ability to efficiently conduct its own business and the business of its customers. The recommendation is to raise this limit to \$50,000.

The Board concurred that this should be brought back to the Board for approval. The Board will make the determination at that time on the approval limit.

At the hour of 11:40 A.M. a motion was made by Director Brichetto, seconded by Director Alpers and unanimously supported to adjourn the meeting until 1:30 P.M.

At the hour of 1:30 P.M. the meeting resumed. Director Clark stated that during Closed Session a Conference with Labor Negotiator relative to the Support Services Manager,

Conference with Legal Counsel relative to existing litigation; the Cantal case, Conference with Legal Counsel relative to anticipated litigation and the Performance Evaluation of the General Manager would be held.

At the hour of 1:35 P.M. a motion was made by Director Webb, seconded by Director Alpers and unanimously supported to adjourn to Closed Session.

ITEM NO. 15
CLOSED SESSION

- A. **Conference with Labor Negotiator** – California Government Code 54957.6 – Agency Negotiator: General Manager Steve Knell, Unrepresented Employee: Support Services Manager. After discussion, a motion was made by Director Webb, seconded by Director Taro that the General Manager shall have the flexibility of negotiating leave benefits for all senior management positions and voted as follows:

Ayes: Alpers, Clark, Webb and Taro
Absent: Brichetto

- B. **Conference with Legal Counsel**, - California Government Code Section 54956.9 - Existing Litigation, 1 Case - OID vs. Cantal, San Joaquin County Superior Court, Case No. CV006932 – No Action Taken.
- C. **Conference with Legal Counsel** – California Government Code Section 54956.9 – Anticipated Litigation, 1 Case – No Action Taken.
- D. **Performance Evaluation of the General Manager** – California Government Code Section 54957 – No Action Taken.

A motion was made by Director Alpers, seconded by Director Webb and unanimously supported to adjourn the Closed Session and return to the Regular Meeting.

Director Clark announced that the General Manager would have the flexibility of negotiating leave benefits for all senior management positions. No further action was taken.

At the hour of 2:32 P.M. a motion was made by Director Alpers, seconded by Director Webb and unanimously supported to adjourn to the next **regular Board of Directors' Meeting** to be held on **Tuesday, February 17, 2004 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, February 19, 2004** at 9:00 A.M. at the South San Joaquin Irrigation District, 11011 East Highway 120, Manteca, CA.

Attest:

Steve Knell, P.E.
General Manager/Secretary