

Manteca, California
February 23, 2016

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at 9:00 a.m. President Holmes called the meeting to order and led the flag salute. Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER KUIL ROOS
ABSENT: NONE

Also present were General Manager Peter M. Rietkerk, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Interim Executive Secretary Dawn Driesen.

Public Comment - None

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$711,805.12; payroll dated February 19, 2016 in the amount of \$184,634.14.
- B. Approval of the regular board meeting minutes of February 9, 2016.
- C. Approval of consent to SSJID's entry of property to read and to maintain flow meter for Richard and Mikki Riella, APN 177-500-16.
- D. Approval of consent to SSJID's entry of property to read and to maintain flow meter for Darlene Lincoln Luis, APN 228-130-09.
- E. Consider approval of request from PG&E for proposed overhead electric line crossing to serve Herman Drost at 20293 S. Van Allen Road in Escalon (APN 245-120-30).
- F. Authorize signature of a Quitclaim Deed and Release agreement requested by BNSF to facilitate closure of a private rail crossing that was previously approved by the District.

Director Holbrook noted there are several areas within the BNSF agreement where the District's name does not have South in it. Those areas need to be corrected before the agreement is signed.

A motion was made by Director Kamper and seconded by Director Kuil to accept the Consent Calendar with the changes noted above. The motion passed 5 to 0 by the following roll call vote:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

ACTION CALENDAR

Item #1 – General Discussion Concerning Public Hearing

There was no general discussion.

Item #2 – Public Hearing to Consider Approval of Proposed Increase in Division 9 Project Pressurized Water Service Charge from 2 rate tiers of \$30 per acre-foot for the first 36 vertical inches per year (tier 1) and \$40 per acre-foot for water in excess of 36 inches per year (tier 2), to a single tier rate of \$44 per acre-foot. The proposed rate consists of two parts. One part is \$34 per acre-foot for 2016 to recover the cost of electricity used by the pressurized water system, with an annual inflation provision, and the other part is \$10 per acre-foot to provide for the cost of replacing capital assets of the pressurized water system as they fail. Board Action.

Director Holmes opened the hearing and asked for opening remarks.

Mr. Rietkerk gave a brief history of the Division 9 Project and previous charges to the growers within the project area. The District held a Prop 218 hearing last year that failed. This time the District held three workshops and worked with growers to establish the rates.

Mr. Lindley described the proposed rate increase. Cost of service studies have shown that the pressurized irrigation system operates at a significant loss. A rate increase is proposed that would replace the existing two tier structure of \$30 per acre-foot for the first 36 inches per year and \$40 per acre-foot for water in excess of 36 inches per year, with a single rate of \$44 per acre-foot per year. This rate is composed of \$10 for replacement of capital assets in the pressurized system as they fail, and \$34 for electricity to operate the pressurized system because the cost of electricity used for pressurization was \$34 per acre-foot in 2015. The proposal includes a provision for annual adjustment for inflation or deflation of electric costs. Therefore, the \$34 electricity component (and thus the \$44 total rate) is for 2016 only. A calendar year's actual cost of electricity used for pressurization is designated as the inflation index to determine the electric component of the following year's pressurization rate. The inflation feature expires after 5 years. If a majority of the eligible parcels submit written protests before the end of today's hearing, the board may not adopt the proposed rates. There are 117 parcels eligible to protest the proposed rate increase. A majority is 59 parcels. If a majority of protests is not received, the board may adopt the proposed rates, adopt rates lower than proposed, or do nothing.

Director Holmes asked for questions.

Director Roos asked if all parcels had been notified as to what they would need to do to protest the rate change. Mr. Lindley stated that a notice was sent to all owners explaining the process.

Director Kuil asked if the Board could set the charge lower than what is proposed. Mr. Lindley said yes.

Director Holbrook stated that he would like to start the \$10 per acre-foot component at \$5 and increase it \$1 per year until it reaches \$10.

Director Holmes asked for public comment. There were two public members present in the audience.

Mr. Sam McGinnis asked how many protests the District had received. Director Holmes consulted with staff in the audience and then stated that the unofficial count was 11.

Mr. Henry Winters asked why the District used parcels for voting. Mr. Emrick stated that Prop 218 provides for parcel votes. Mr. Winters also commented that he had calculated other means by which the district could raise the revenue it was seeking with this rate increase without causing undue burden on the division 9 ratepayers and was willing to work with the district.

There being no further public comment, Director Holmes then asked if there was any additional staff input. There was none. Director Holmes then stated that if there no further public comment, he would close the public hearing. There were no additional public comments and Director Holmes closed the public hearing. He then asked staff to provide the final tally of protests. No additional protests had been received and staff in the audience tasked with tabulating the protests announced that the final tally of protests was 11 of the 117 parcels.

Director Roos then asked why all of the District ratepayers were not able to vote. Mr. Emrick explained that only the customers that are subject to this particular charge were sent the notice.

Director Kuil made a motion to charge the \$34 for electric and, for the capital asset charge, start at \$5.00 in 2016, \$7.00 in 2018 and \$8.00 in 2020. Motion failed for lack of a second.

Director Kamper moved to accept the water charges as presented by staff. The proposed rate is a single rate of \$44 per acre-foot per year composed of \$10 for replacement of capital assets in the pressurized system as they fail, and \$34 for electricity to operate the pressurized system. The \$34 electricity component would adjust annually for inflation or deflation of electric costs incurred by the pressurized system after 2016. The previous calendar year's actual cost of electricity used for pressurization is designated as the inflation index to determine the electric component of the following year's pressurization rate. The inflation feature would expire after 5 years.

Director Roos seconded. The motion passed 4 to 1 by the following roll call vote:

AYES:	HOLBROOK HOLMES KAMPER ROOS
NOES:	KUIL
ABSTAIN:	NONE
ABSENT:	NONE

Item #3 – Discussion regarding the pump test results and proposed pump installation specifications for pump installation bidding related to the East Basin Pump Project and authorize purchase of pumps and motors and contracting to install electric service.

Mr. Bologna stated that pumps were a part of the initial design of the East Basin, but because of cost, was cut out of the project. Subsequently, a second pump was added due to requirements from the County that prevented us from drawing from both aquifers (deep and shallow) with one well. Stantec Engineering's Jeff Shaw and Tom Butler gave a presentation to the Board

regarding the background of the well project and a summary of how the wells are working and what tests have been done. They also presented their findings to maximize pumping.

Mr. Emrick recommended that staff should check the EIR from the Division 9 Project to see what it said about how the wells would affect Bob Brocchini's pump.

Mr. Bologna stated that in order to make Mr. Brocchini whole, the District would lower the suction pump in his well.

Director Holmes asked that staff also look into the power availability.

Mr. Rietkerk said that there was an ongoing noise issue that should also be addressed.

Director Holmes directed staff to look into the issues of electric service, Brocchini's pump and the sound concerns and bring these items and findings back to the Board.

Item #4 – Consider conceptual proposal from Rien Doornenball to purchase District's Lateral B487dd pipeline and to quitclaim underlying easement.

The item was pulled from the agenda.

Item #5 – Staff update on pending annexations.

Mr. Bologna addressed the Board and stated that the District has two requests for annexation pending. The District entered into a Water Sale Agreement with Mr. teVelde and Mr. Miller is interested in the Water Sale Agreement if it is going to be a long process. Mr. Emrick stated that staff has been reluctant to process the applications due to complications with LAFCo and SSJID providing electric service. The Board gave direction for staff to move forward with the Annexation Agreements and, if necessary, enter into a Water Sale Agreement with Mr. Miller. Wording in the agreements should include language regarding the District providing electric service.

Item #6 – Discussion and possible action for 2016 Water Operations and initiate process to adopt drought management plan.

Mr. Peter Rietkerk, General Manager, gave an update on the current water situation. February's precipitation has fallen well below the pace set in January. There has only been 1.1 inches of rainfall over 22 days. Due to four years of drought and releases on the Stanislaus River, storage at New Melones is at a record low. After obtaining input from the Ag Committee, staff is proposing the following drought measures:

1. Adopt a 40" allocation/irrigation limit.
2. Set the start of Irrigation season on or about March 16, 2016.
3. Set 10-day rotation schedule.
4. Operate Woodward Reservoir storage similar to last year, bringing the elevation to 210' by April 1st and then hold the elevation at 205' throughout the end of water season to limit seepage losses.

5. Work collectively with the Cities to set an equivalent reduction in water taken from the Water Treatment Plant. Using a similar methodology from last year, this would result in a 16% reduction from 2013 volumetric deliveries over the full calendar year 2016.
6. Direct staff to prepare a Notice of Public Hearing fulfilling the requirements of Water Code Sections 375 and 376, to be held on March 8, 2016.

A form of resolution to be adopted at the March 8 meeting was presented to the Board for its review. The resolution provides for adoption in 2016 of a 40” allotment and adoption of the same drought management measures that were made available in 2015. A notice of the Board’s intention to adopt these measures at the March 8th meeting along with a summary of the resolution would be published in a local newspaper, posted at the District’s office and placed on the District’s website at least 5 days before the meeting as required by the Water code.

A motion was made by Director Holbrook and seconded by Director Kamper for the following:

1. The Board will hold a public hearing at its meeting to be held at 9:00 a.m. on March 8, 2016 at the District’s office, to consider adopting a resolution in the form presented at the meeting with such amendments as the Board may consider at the meeting.
2. Based on the General Manager’s determination that publishing a fair and adequate summary is not feasible, makes a finding that it is not feasible to prepare a fair and adequate summary of the proposed resolution and instructs the General Manager to publish the Notice of Hearing with the entire proposed resolution in a display advertisement of at least one-quarter of a page in a newspaper of general circulation at least five days before the hearing date.
3. Instructs the General Manager to post the Notice of Hearing along with a certified copy of the proposed resolution at the District’s office and on the District’s website at least 5 days before the hearing, as required by Water Code section 376.

Motion passed 5 to 0 by the following vote:

AYES:	HOLBROOK HOLMES KAMPER ROOS KUIL
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

A motion was also made by Director Roos and seconded by Director Holbrook to set the start date of water season for March 16, 2016.

Motion passed 5 to 0 with the following vote:

AYES:	HOLBROOK HOLMES KAMPER ROOS KUIL
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	NONE

Item #7 – Presentation of Financial Statements.

Mr. Lindley gave a brief overview of the District’s financial statements.

Item #8 – Presentation of Investment Reports.

Mr. Lindley gave a brief overview of the District's investment reports.

Director Holmes left the meeting at 12:07. Director Kuil assumed the role of chairman.

Item #9 Communications

Troylene Vallow, Communications

- The float for the Almond Blossom Parade will be constructed over the next 4 days. Need to be ready by 12:00 and the parade starts at 1:00. Directors need to let her know by 2/24 if they plan on riding on the float.

Director Holbrook noted that the Form 700s are due soon.

Director Roos stated that he had attended the River Group Meeting on 2/22.

Ed Erisman, WTP Manager

- Has a meeting with the Regional Board on 2/24.

Sam Bologna, Engineering Department Manager

- Plans to meet with City of Manteca staff tomorrow regarding their plan for the proposed FEZ (Family Entertainment Center and hotel complex). They would like to address the Board at the next meeting to secure conceptual approval.
- MDC investigation: Received recommendations from Kleinfelder regarding various options to remedy seepage issues upstream of Drop #2. We are hoping to receive more information relative to costs before we bring these options to the Board.
- Float devices: Making progress on the four devices being installed including Bavaro. Should have them all completed by the end of the month or first part of March.
- Survey of Main Canal: Keith and Forrest are nearing completion of their survey effort on the Joint and Main Canals. Once complete, we will be able to pinpoint all areas of repair and concern throughout the upper system. It was a great undertaking that will pay dividends in the future with regard to having a good mapping and GIS system for the isolated portions of our facilities. It will also help illustrate the extent of encroachments throughout the area.
- Miscellaneous meetings and conference calls: will participate in an Ad Hoc Committee Meeting tomorrow at San Joaquin County to discuss issues of common interest by all members of the basin and to review technical information on proposed studies.
- Pressurized system study: Plan on attending a staff meeting next week to review the comments by each staff member regarding the technical report. We discussed the report and have each focused on various aspects of the study.

Peter Rietkerk, General Manager

- Ron Strmiska Jr. will be retiring this spring, leaving around April 2016. District has begun the process of replacing Ron by internally posting the position. Applications are due by Wednesday, February 24th and then the District will engage in an interview/evaluation process with internal candidates.

- Betty Garcia was involved in a car accident on Friday, February 19th. She is ok and recovering. The accident is being treated internally as a worker's compensation claim as she was delivering mail for the District when the accident occurred.
- Department of Water Resources released Draft Regulations for Sustainable Groundwater Management on February 18, 2016. Valerie Kincaid is reviewing the draft regulations for the District.
- DWR is also in the process of developing a report entitled Water Available for Replenishment which is a SGMA statute requirement to provide. The report, which has drawn some concern from water interests, will provide regional estimates of water available to contribute toward groundwater recharge and SGMA management from sources including storm water, surface water, conservation, recycled water, desalination, and water transfers.
- SSJID continues to coordinate with the Cities of Ripon, Manteca and Escalon on GSA formation and governance. Current efforts include developing a framework for governance within SSJID's proposed GSA that provides adequate representation and vetting of issues within the entities.
- SJTA Commissioner's Meeting is 2/23/16.
- Ripon Almond Blossom Festival is Saturday, 2/27/16.

Item #10 – Closed Session

The Board did not consider the Closed Session items

Item #11 – ADJOURNMENT

There being no further business to come before the board, it was moved by Director Holbrook and seconded by Director Roos to adjourn the meeting.

The motion passed 5 to 0 with the following vote.

AYES:	HOLBROOK KAMPER KUIL ROOS
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	HOLMES

ATTEST: _____
 Dawn Driesen, Interim Executive Secretary