

Manteca, California
October 27, 2015

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at 9:01 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 Executive Secretary Betty Garcia.

Public Comment - None

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$348,763.77; A/P wires in the amount of \$200,155.78; payroll dated October 16 in the amount of \$194,467.99.
- B. Approval of the regular board meeting minutes of October 13, 2015.

A motion was made by Director Holbrook and seconded by Director Kuil to accept the consent calendar as submitted and 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 – Consider approval of Resolution #15-11-H in appreciation of Jeff Shields’ service

**RESOLUTION NO 15-11-H
OF THE
SOUTH SAN JOAQUIN IRRIGATION DISTRICT
IN APPRECIATION OF JEFF SHIELDS’ SERVICE**

Whereas, Jeff Shields was first employed by SOUTH SAN JOAQUIN IRRIGATION DISTRICT on June 2, 2004 as utility systems director after a lengthy career managing publicly-owned electric utilities and was promoted to general manager on September 11, 2007; and

Whereas, during his tenure with the District he has initiated and directed:

- A. The efforts of South San Joaquin Irrigation District to become the electric service provider within its service territory by acquiring the retail electric distribution system from the existing investor-owned service provider, culminating in the decision by San Joaquin Local Agency Formation Commission on December 11, 2014 to approve the District’s application to provide retail electric service.

- B. Installation of the Robert O. Schulz Solar Farm that supplies electric power to the District's Nick C. DeGroot Water Treatment Plant.
- C. Construction of the Division 9 Irrigation Enhancement Project that supplies pressurized water service to 3,800 acres as well as leading the District's other efforts to continue to modernize its irrigation system.
- D. A series of innovative measures during the prolonged drought that have enabled the District to provide effective irrigation service to the District's growers despite the shrinking supply of surface water and fierce devotion to protecting the District's senior water rights.

Whereas, Mr. Shields' expertise in the wholesale electric power market has been invaluable in advising the Board of Directors in its efforts with Oakdale Irrigation District to sell the Tri-Dam Project hydroelectric generation on the open market to the District's financial benefit; and

Whereas, Mr. Shields has been instrumental in reaching out to the cities, schools, businesses and community service organizations to work cooperatively with the District for the overall public interest; and

Whereas, Mr. Shields will also be remembered for his outgoing, positive and engaging manner in which he has executed his duties and responsibilities; and

Whereas, the Board of Directors of South San Joaquin Irrigation District wishes to express its appreciation for the devoted service that Mr. Shields has given to the District, its operations and its constituents,

Therefore be it Resolved that the District hereby publicly commends Jeff Shields for his service to the South San Joaquin Irrigation District, and

Be it Further Resolved that the Board of Directors for itself and all of the District's employees wish Jeff Shields a long, happy and healthy retirement.

The foregoing Resolution was duly adopted at a meeting of the Board of Directors of South San Joaquin Irrigation District held on the 27th day of October 2015, on the motion of Director Holbrook, and seconded by Director Roos, the following 5 to 0 roll call vote:

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

Item #2 – On Farm Water Conservation Program

Mr. Emrick stated there are outstanding applications for funding from three growers under the District's On Farm Water Conservation program and that Julie Vrieling has been in contact with these growers. The program provides that approved conservation measures must be completed within one (1) calendar year of the date of approval to be considered eligible for cost share payments. In the case of each of the three applicants, the one-year period from the date of approval has expired.

A motion was made by Director Holbrook and seconded by Director Kamper to authorize staff to send letters via certified mail to these applicants notifying them that they have 30 days to submit the required documents or the opportunity for District funding will terminate.

The motion passed 3 to 2 as follows:

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

Item 3 – Consider approval of Milner Terrace development unit #2

Mr. Bologna stated the Milner Terrace is a planned residential development located east of Union Road and south of Woodward Road in Manteca. The plans call for replacement of an existing 36” cast-in-place pipeline with 48” pipeline along the eastern boundary of the development (lateral “X” – “Ya”). Another pipeline located within the development is the “X-70 dd” that is primarily used as a discharge line for the District well pump #40, which the District agreed to abandon when future development occurs at that location. The board approved acceptance of \$80,448 for the abandonment and relocation of the well at their June 25, 2013 board meeting. Meritage Homes is requesting the District consider abandoning Lateral “X”-170 and is willing to dedicate Lot “A” for a new well pump site and provide electrical service and a block wall at the property line in lieu of replacing the “X” -170 pipeline.

Director Holbrook expressed concerns about spending money received from the Blossom Grove development designated for a specific project that is now being considered for a different project. Mr. Jess Salmon of Meritage Homes stated that this development is included in the tentative map conditions for Blossom Grove and they will be paying Blossom Grove development for half of the cost to deal with the well relocation required. There continued to be much discussion in regards to the project.

The following lists the development analysis.

1. Location and nature of project:

The Milner Terrace Unit # 2 is a planned residential development located east of Union and south of the recently approved Blossom Grove development in Manteca. The project subdivides approximately 20 acres into 75 residential lots and a park basin and a park storm basin. The property is being developed by Meritage Homes.

2. District facilities involved:

Lateral “X”- “Ya” connection and “X”-170 dd.

3. Acreage serviced by District facility:

There is a limited number of acres actively serviced downstream of this lateral but it does have the potential to serve as a backup supply line for Lateral "Ya”

4. Improvements to be performed /facilities to be replaced:

The plans call for the installation of 690+/- LF of 48” RGRCP for the removal and replacement of a portion of the Lateral X-Ya connection (replacing existing 36” cast-in-place pipeline). The new pipeline will be located along street frontage. Lateral “X”- 170 dd is used primarily as a discharge line for well pump # 40, which the District agreed to

ultimately abandon when future development occurs at that location. The board approved acceptance of \$80,448 for its ultimate abandonment and relocation at the June 25, 2013 Board meeting. Meritage Homes is requesting the District consider abandoning Lateral “X”-170 and is willing to dedicate Lot “A”(located at the SE corner of the development) for a new well pump site, and provide electrical service and a block wall at the property line, in lieu of replacing the “X”-170 pipeline.

5. Easements to be conveyed and abandoned:

New easements will be conveyed for the replaced laterals. Easement widths shall conform to District standards for all new conveyances with a minimum 30 foot wide easement. All easements will be conveyed prior to all other dedications.

6. Type of Encroachments:

Encroachments will consist of typical development improvements including fencing, sidewalks, utilities, landscaping, and pavement.

7. Irrigation services:

All existing irrigation services to the subject property will be removed with the project and an Irrigation Service Abandonment Agreement will to be signed with project approval.

8. Storm drainage:

The plans call for the discharge of storm water for this project into the Blossom Grove storm basin that discharges into the City’s storm line in Woodward Avenue and ultimately discharges into District drainage facilities west of Airport Way. Lateral “X”, at the northwest corner of the proposed park basin. Ultimately, the City will be responsible for approval of the Developer’s storm drainage plan to make sure that it is in compliance with the District’s requirements and agreement with the City. Permission for drainage is subject to receipt of a storm drainage acknowledgement letter that confirms that drainage satisfies the terms of our agreement with regard to water quality treatment and discharge limitations.

9. Ground water issues:

There have been no groundwater remediation issues identified for this project. As such, the developer is not being required to install any permanent dewatering facilities for this project.

10. Status of Improvement Plans and Final Map:

With the exception of some City acknowledgement regarding drainage discharge and some additional plan check modifications and clarifications, the improvement plans that have been submitted conform to District standards.

11. Property Interest Transfer request:

Not applicable to this project.

12. Developer’s Agreement:

The Developer’s Agreement specifies the conditions and obligations that the owner is to comply with as it relates to those improvements shown on the approved plans, including bonding requirements. Exhibit “C” of the agreement spells out the special conditions and requirements that apply to the project as referenced above.

13. Special conditions and requirements (Exhibit “C” of Developer’s Agreement):

- a) Owner/developer shall submit improvement plans and final maps for Milner Terrace Unit #2 development to the Engineering Department for approval and which comply with all standard requirements concerning replacement of all facilities located within the development, as specified in the tentative map conditions adopted for the project.
- b) Owner/developer shall not build or develop within District easements until the replacement of the District’s facilities has occurred in accordance with approved plans.
- c) Owner/developer shall convey new easements and enter into an Encroachment Agreement with the District for all proposed encroachments.
- d) Owner/developer shall notify District at least 48 hours prior to commencement of work. Work shall be complete and pipeline operational as specified by District. The deadline for work is typically February 15th of any given year.
- e) Owner/developer acknowledges that acceptance of storm water discharge for this project will be subject to the terms and conditions of the Storm Drainage Master Agreement between the District and the City and approval of plans shall be subject to receipt of an acknowledgement letter from the City that confirms compliance with those provisions.
- f) Owner/developer shall dedicate Lot “A” of the subdivision map to the District to serve as a future pump site and shall provide electrical service to the pump and extend a block wall sound barrier at the site, in lieu of replacing Lateral “X”- 170 dd.
- g) Developer shall obtain approval from City/County and a permit to drill a well to pump shallow water to meet the District’s needs (Kamper)**

A motion was made by Director Kamper and seconded by Director Kuil to authorize conditional approval and signature of the Development project subject to compliance with those special conditions and requirements referenced in item #13 above, that will be included in the Developer’s Agreement and make a finding relative to eligibility for reimbursement that would also be included in the agreement. Additionally, authorize staff to approve the items listed below subject to all additional plan modifications being made as required by the Engineering Department for the project that includes the following:

- 1. Improvement plans for replacement of Lateral “X” - “Ya” connection.
- 2. Final Map
- 3. Developer’s Agreement
- 4. Encroachment Agreement
- 5. Grant of Easement
- 6. Irrigation Service Abandonment Agreement
- 7. Quitclaim (will not occur until new facilities are installed and accepted)
- 8. Acceptance of dedication of Lot A of the subdivision map.

The motion passed with the following 4 to 1 as follows:

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

Item #4 – Consider approval of a gas service encroachment with PG&E and an electric service encroachment with MID for utility crossings that provide service to the Castillo property on Manley Avenue in Ripon

Mr. Bologna stated the current master encroachment agreements with PG&E and MID have expired and require board approval for any amendments to these agreements until such time as the master encroachment agreements are re-negotiated. PG&E recently installed a new gas line to serve Mr. Jordan Castillo’s residence at 355 S. Manley Road. This new line crosses SSJID’s facilities and PG&E is requesting an encroachment permit be issued for this crossing.

A motion was made by Director Kuil and seconded by Director Kamper to accept staff’s recommendation and consider conditional approval of these requests subject to the submittal of record drawings that verify that adequate cover and clearances have been maintained and the receipt of a letter signed by the party authorized to sign on behalf of their respective agencies. The motion passed 5 to 0 as follows:

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

Item #5 – Presentation of September Financial Statements

Mr. Bere Lindley, Assistant General Manager, distributed the financial statements for September to the board. He reviewed in detail the revenues, expenses, and changes in net assets. He discussed the operating revenues and expenses, as well as the non-operating revenues and expenses. Mr. Lindley also reviewed the debt service coverage. The board thanked Mr. Lindley for the detailed report. This item was for information only and no action was taken.

Item #6 – Presentation of September Investment Reports

Mr. Lindley discussed the cash and investments as of September 30, 2015. He reviewed in detail the debt service reserves, checking, certificates of deposits, securities, and money market accounts. This item was for information only and no action was taken.

Item #7 – Executive Secretary report from CSDA Board Secretary Conference

Ms. Garcia reported that she attended the CSDA Board Secretary Conference on October 18 in Lake Tahoe. She attended classes on the following items:

- a) How to comply with the Public Records Act
- b) Engaging the public and its constituents in the digital age and the importance of being a transparency agency

- c) The real world of board clerks, the Brown Act, and the roles we play at board meetings
- d) Role of the board clerk in helping to build an effective board, general manager, and staff team
- e) Special District Leadership Foundation has a transparency program that the District can participate in and receive a Certificate of Excellence in transparency

She enjoyed the class on Communicating with Diplomacy & Tact and said the board clerk must focus on the relationship with her board and seek to build their trust. She discussed the importance of trust and without it the difficulty of building effective relationships. She said trust must be earned and that self-worth and integrity must be proven over time. She wants to be seen as a problem solver within the District and not a problem maker. Ms. Garcia has a goal to create a board handbook in the coming year and to become more familiar with the California Special District Association, Institute for Local Government, and the League of California cities websites. There is much information available at no charge that can be helpful to the District.

The Board of Directors thanked Ms. Garcia for her professionalism and for a job well done as clerk to the board. She thanked the board for the opportunity to serve them and to represent the District at the board secretary conferences.

Item #8 – COMMUNICATIONS

Director Holbrook attended the Water Advisory meeting and there was a panel of four (4) people attending from the State Water Department. They expressed interest in the District's intent to form a Groundwater Sustainability Agency (GSA). Others at the meeting acknowledged SSJID for its involvement with SGMA and the formation of a GSA.

Director Kuil attended a GBA meeting that lasted about 20 minutes and then began a workshop on the formation of Groundwater Sustainability Agencies. He reminded the other board members that Safety Day for the District is next Wednesday.

Director Holmes stated there will be an ad hoc meeting next Tuesday, November 3, to discuss the Division 9 rates.

Ed Erisman, Water Treatment Plant Manager

- He gave an update on the issues with GE/Zenon. The V4 modules that staff is currently using, specifically the 450 sq/ft per module units, are no longer approved for use in California. The 500 sq/ft per module units are approved and they use the exact same fiber material and design except they have a larger surface area. The water treatment plan budgeted to purchase a train of modules in 2016, however, if they place the order in 2015 they will receive a cost savings of approximately \$75,000. Mr. Erisman has been working with GE to receive a guarantee of a lower cost if the V4 modules are not approved. To date, GE is not willing to commit to any agreements. The board suggested that he work with the District's General Counsel, Steve Emrick.
- He informed the board that the water treatment plant can no longer discharge the citric acid cleaning waste into the overflow basin. He has contacted many local waste water treatment plants and the only facility that has agreed to take this water is the City of Tracy. They charge \$66.90 per 1000 gallons which will cost approximately \$400 per

truck load. We estimate having to haul about 250 truckloads this winter for a total disposal fee of approximately \$100,000. This cost does not include the hauling fees. Currently the plant has a contract with B&B Trucking who will charge \$90 per hour for the hauling. At 3 hours per load, that will be an estimated cost of \$67,500 in hauling fees alone. Our current contract with B&B Trucking is several years old and we have not used their service for over one year. Staff will go out to bid for this service. This is a cost that we did not include in our budget and once we receive the bids, we will need to request a budget variance.

Don Battles, Utility Systems Director

- The inverter at the solar farm has been fixed but continues to show ground fault. It has been discovered that the problem is not with the inverter but rather it is a solar array problem. It has been suggested that we set up an alarm that will notify the water treatment plant when the problem occurs. We lost 13 days of power generation. Conergy continues to work on locating the problem.

Sam Bologna, Engineering Department Manager

- The conservation program has only three outstanding payments to growers who will be sent letters with a 30 day deadline.
- He attended a GBA meeting and participated in the workshop. The workshop participants include representatives from local agencies that are eligible to become a GSA within the basin that includes cities, counties, and water agencies. There are 21 agencies eligible to participate in the workgroup. Of all the agencies in attendance, only SSJID and Stockton East Water District have made the first steps towards becoming a GSA.
- Don Ney indicated that he is working on a plan to provide an alternate service to his neighbors and hopes to obtain approvals from his neighbors by the next board meeting. His plan involves the installation of an alternate services line for his two neighbors that will be acceptable to them.
- The District received another offer from BSNF for an additional \$10,000 bringing the total offer to \$20,000. The approximate cost of installing a new access road and removal of trees will be \$37,000.
- Mr. Bologna attended the CASQA conference and there were a lot of good discussions about potential for storm water as a resource and how it can be used as a method to recharge aquifer and Proposition 1 funding opportunities. There were many sessions dealing with new regulations and requirements for cities to comply with regarding discharge requirements and management of drainage during construction projects.
- Our consultant is working on providing technical memorandums by the end of this month in regards to the pressurized system study. A meeting is scheduled for next Tuesday to discuss potential recommendations for the project prior to presenting them to the board at their meeting on December 15.
- Test pumping has begun on the deep well in the east basin project and the preliminary results are better than anticipated. It appears the deep well can be developed to produce at least 4,000 GPM. In order to complete full development of the well, it may be necessary to bring in a larger pump that will cost more but the extra cost will be covered by the savings achieved. The development of the shallow well is underway and it appears that this well is going to have a high production rate. Once the testing is

complete, the pumps will be sized to meet the well output capacity and then they can be ordered and installed.

- There is a party interested in making an offer to purchase the remaining dirt at the west basin. His proposal will be brought to the board at their next meeting.

Bere Lindley, Assistant General Manager

- He distributed information regarding a summary of irrigation deliveries and drought assistance measures for the 2015 irrigation season. He indicated the irrigators had a 36 inch allotment in 2015. The average acre-feet used per parcel decreased from 70 inches in 2012 to 47 in 2015. Customers who took water in 2014 were 1399 to the current count of 1442 in 2015. Using true point, 103 master accounts were formed and the best thing was to eliminate the deadline to apply for a master account. He said the average number of water consumption in Division 9 was 31 inches.
- Two temporary employees have been hired for the document management program and are currently working in the horse barn. They are going through every box, labeling the boxes and listing the contents. Using the board approved records destruction form, they are listing the boxes that contain records whose retention has expired.
- The finance department has made two offers to new candidates to fill positions. The new employees should be starting to work mid-November. Staff went through interview training with an expert and that helps in the interview process.
- A budget retreat has been planned for Thursday and Friday, October 29 & 30, and Peter will have a big role in the process. The plan is to question management line by line and also review the credit card policies.

Peter Rietkerk, General Manager

- He reviewed the Tri-Dam operations daily report of water data and said that Donnellis and Beardsley have received just over 1.75 inches of rainfall for the month of October. Sand Bar has received nearly 2.7 inches for the month. The San Joaquin River 5 station index shows approximately 1.5 inches in the watershed to date, or approximately 95-percent of average for the month. The average for the month is 2.1” and we are approximately 70-percent of average for the month. The current weather outlook is calling for a slight chance of rain on Wednesday (10/28). Rain appears heavier in mountains. Storage in New Melones is approximately 279,000AF.
- Mr. Rietkerk indicated since the Board had approved the GSA formation, he and other staff members met with Valerie Kincaid to discuss legislative updates and the next steps for GSA formation. He is coordinating with the Cities of Ripon, Manteca, and Escalon to hold a workshop to discuss the formation process, common goals, and governance of the GSA. Staff is also working with consultants to put together the application package to DWR for GSA election by SSJID. The District is evaluating boundaries and related concerns around Woodward Reservoir and the Main Supply Canal in the GSA area. Overlying jurisdictions in the basin area include OID and Stanislaus County.
- He is meeting with DeeDee D’Adamo from SWRCB regarding Phase I of the Bay-Delta process. The fall pulse flow releases started on October 20. Releases are expected to fluctuate between 400 cfs and 1,050 cfs above a base flow of 200 cfs until October 31, then slowly taper off by November 11.

- SWRCB provided an information request to the District in September that discussed groundwater contributions from the District's conveyance and Woodward. SSJID, in coordination with other SJTA agencies responded to this information request with most recent Ag Water Management Plan data.
- He discussed the importance of complying with the Brown Act and how the District conducts business in open session. He referred to a letter received from a grower stating that Oakdale Irrigation District broke state law with a secret water sale.
- Mr. Rietkerk asked which board members represent the District at ACWA. He indicated that ACWA will be holding a general membership meeting on Wednesday, December 2 to formally nominate and elect the ACWA President/Vice president for 2016-2017, and to approve the proposed amendments to ACWA's bylaws. Both of these actions require formal approval by vote. Each agency will be required to designate one member as the voting delegate or proxy for the December 2 session. SSJID will need to appoint one representative as the proxy voter for the District. After researching, Director Holbrook stated that Directors Kuil and Roos are the delegates to ACWA.

At this time, General Counsel announced that items 9a, b, and c would be discussed in closed session.

Item #9 – Closed Session

- a. Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
- 3 cases
- b. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9
- 3 cases
- c. Conference with Legal Counsel – Existing Litigation
Paragraph (1) of subdivision (d) of Government Code Section 54956.9
- 3 cases

Case Name: IBEW Local Union 1245 and Thomas Johnson vs.
South San Joaquin Irrigation District
San Joaquin County Superior Court
Case No. 39-2015-003300468

Case Name: Martha Bonde vs. South San Joaquin Irrigation District
Superior Court for San Joaquin County
Case No. 39-2013-00300234-CU-MC-STK

Case Name: PG&E vs. San Joaquin LAFCo
Superior Court for San Joaquin County
Case No. 39-2015-00321743-CU-JR-STK

Director Roos left the meeting during Closed Session.

Upon their return from Closed Session, the following action was reported on item #9c.

A motion was made by Director Kamper and seconded by Director Holbrook to authorize General Counsel to hire counsel to defend the District in the Thomas Johnson case. Motion passed 4 to 0 as follows:

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

The following action was reported on item #9a.

A motion was made by Director Holbrook and seconded by Director Kamper to authorize the general manager to engage Vid Prabhakaran of the Davis Wright Tremaine law firm in order for the District to intervene in the California Public Utilities Commission general rate case. The motion passed 4 to 0 as follows:

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

Director Kuil left the meeting prior to the adjournment.

Item #10 – ADJOURNMENT

There being no further business to come before the board, it was moved by Director Kamper and seconded by Director Holbrook to adjourn the meeting at 1:49 p.m.

The motion passed 3 to 0 as follows:

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

ATTEST: _____
Betty Garcia, Executive Secretary