

**MERCED IRRIGATION DISTRICT**  
**APPROVED MINUTES**  
**REGULAR MEETING**  
**January 5, 2010**

The Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 9:06 A.M. in the City Council Chambers. Roll call showed the following present:

Directors:	Tim Pellissier
	Suzy Hultgren
	Wil Hunter
	David Long
	Gino Pedretti
Deputy General Manager	Hicham Eltal
AGM Regulatory Compliance & Government Affairs (Water)	Geoffrey Rabone
AGM Facilities and Streams	Robert S. Acker
AGM Engineering and Operations	
Energy Resources	Steve Dunn
Chief Financial Officer	Andre Urquidez
General Counsel	Ken Robbins
Recording Clerk	Cheryl A. Miller

President Pellissier led the pledge of allegiance to the United States flag.

President Pellissier introduced John Sweigard, in the audience, and noted he will be the District's new General Manager, effective January 11.

**PUBLIC HEARING**

General Counsel Robbins stated this is the time and place established by the District for a public hearing to receive public input concerning a Negative Declaration for Hammett Lateral improvements, which was appropriately published and noticed.

District Consultant Garth Pecchenino of Fremming, Parson & Pecchenino stated the canal replacement is part of the Foster Farms expansion project. He described the affected portion of the Hammett Lateral. He stated the initial study and review revealed one area of concern relating to a California Environmental Quality Act (CEQA) matter involving elderberry bushes, which provide potential habitat for endangered beetles. Mr. Pecchenino stated mitigation measures have been incorporated to address this concern. He stated notices were sent out and no comments were received during the 30-day review period. He stated the document has been finalized and presented today for review and application.

President Pellissier opened the floor for public comment. There being no public comment, President Pellissier closed the public hearing.

**BUSINESS FROM THE FLOOR**

None

**DISTRICT OFFICER REORGANIZATION**

Deputy General Manager Eltal stated this is the time for officer reorganization, an annual event conducted under the California Water Code, which states the reorganization meeting be held during the first meeting in January.

Director Hultgren made a motion to nominate Director Hunter as President. There being no other nominations, Director Long seconded the motion and the Board unanimously elected Director Hunter as President. President Hunter thanked the Board for the honor of serving as its President. He thanked former President Pellissier for his outstanding service.

President Hunter entertained nominations for Vice President. Director Long nominated Director Hultgren as Vice President. There being no other nominations, Director Pellissier seconded the motion and the Board unanimously elected Director Hultgren as Vice President.

Director Long made a motion to also nominate Vice President Hultgren as Secretary. There being no other nominations, Director Pedretti seconded the motion and the Board unanimously appointed Vice President Hultgren as Secretary as well.

### **CONSENT CALENDAR**

President Hunter presented Board meeting minutes of December 15 and December 18, 2009; Payment of Bills for January 5, 2010; Report of the Treasurer for September 2009; Report of the Collector for October 2009; and Disbursement Request No. 17. On motion of Director Long, seconded by Director Pellissier, the Board unanimously approved the consent calendar. Vice President Hultgren presented an information request to Mr. Eltal.

### **COMMENTS BY BOARD SECRETARY/MEMBERS**

None

### **REPORT OF THE DEPUTY GENERAL MANAGER**

DGM Eltal requested the Board consider adoption of Resolution No. 2010-1 adopting the Mitigated Negative Declaration for improvements associated with the construction of improvements to the Hammett Lateral. He introduced Senior Engineer Bryan Kelly.

Mr. Kelly stated that based on the public hearing presentation by Mr. Pecchenino, staff recommends the Board adopt Resolution No. 2010-1. On motion of Director Pellissier, seconded by Vice President Hultgren, the Board unanimously adopted Resolution No. 2010-1, which reads as follows:

## **MERCED IRRIGATION DISTRICT**

### **RESOLUTION NO. 2010-1**

#### **RESOLUTION TO ADOPT A MITIGATED NEGATIVE DECLARATION FOR THE HAMMETT LATERAL REPLACEMENT PROJECT**

**WHEREAS**, Merced Irrigation District (MID) is the lead agency responsible for the Hammett Lateral Replacement Project, located in the South One-Half of Section 23, Township 6 South, Range 11 East, Mount Diablo Base and Meridian, County of Merced, State of California; and

**WHEREAS**, the project was reviewed and a determination was made to adopt a Mitigated Negative Declaration as concluded through the CEQA initial study process; and

**WHEREAS**, a Notice of the Draft Mitigated Negative Declaration was posted at the County Clerk's office, County of Merced, on October 20, 2009; and

**WHEREAS**, a Notice of the Draft Mitigated Negative Declaration and the Initial Study/Proposed Mitigated Negative Declaration was mailed to the State Clearinghouse on October 20, 2009, and received by them on October 26, 2009. The public comment period began on October 26, 2009, and ended on November 25, 2009; however, any interested party will have up to the time and during the public hearing to express their opinions regarding the effect on the environment of the Hammett Lateral Replacement Project; and

**WHEREAS**, a Notice of Public Hearing was posted in the Merced Sun Star, giving notice to the project and to a public hearing tentatively scheduled for December 1, 2009, as prescribed by Government Code Section 6061. The advertisement stated that the proposed Mitigated Negative Declaration/Initial Study has been available for public review at the Merced Irrigation District Office, 744 W. 20th Street, Merced, California. The notice was posted on the following dates: 1) November 11, 2009; 2) November 14, 2009; 3) November 18, 2009; and November 21, 2009; and

**WHEREAS**, MID received a letter on December 4, 2009, from the State Clearinghouse, dated December 1, 2009, listing the agencies who reviewed the documents. No agency submitted comments.

**WHEREAS**, an updated Notice of Public Hearing was posted in the Merced Sun Star, giving notice to the project and to a public hearing scheduled for January 5, 2010, as prescribed by Government Code Section 6061. The advertisement stated that the proposed Mitigated Negative Declaration/Initial Study has been available for public review at the Merced Irrigation District Office, 744 W. 20th Street, Merced, California. The notice was posted on the following dates: 1) December 26, 2009; and 2) December 30, 2009; and

**WHEREAS**, a public hearing was held at 9:00 A.M. at the Merced Civic Center at 678 West 18th Street, Merced, California, on January 5, 2010, to discuss and allow all interested parties to submit written or oral comments regarding potential negative effects on the environment of the proposed project; and

**WHEREAS**, after said public hearing was closed, the Board discussed the information presented and after some discussion, the Board was satisfied that all concerns have been addressed; and


**NOW THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED THAT:**

1. Based on the Initial Study and the consideration of the comments received, the Board of Directors of the Merced Irrigation District finds that the proposed project will not have any significant effects on the environment, wildlife habitat or rare or endangered plant or animal life with the adoption of the mitigation measures outlined in the environmental document for the project.
2. With the implementation of the Mitigation Measures, the project will comply with all applicable regulations, not be a nuisance, or detrimental to the public health, safety, or general welfare and will be compatible with surrounding uses.
3. The public hearing has been adequately noticed and advertised.

**BE IT FURTHER RESOLVED THAT** Deputy General Manager Hicham Eltal is authorized to execute the appropriate documents on behalf of Merced Irrigation District and that Merced Irrigation District staff and consultants are authorized and directed to take such other actions as they deem necessary or appropriate to carry out the intent of the foregoing resolutions.

**PASSED AND ADOPTED**, by the Board of Directors of the Merced Irrigation District on the 5th day of January 2010, by the following vote:

Ayes:	Directors:	Hunter, Hultgren, Long, Pedretti, Pellissier
Noes:	Directors:	None
Abstain:	Directors:	None
Absent:	Directors:	None

  
 William E. Hunter  
 President  
 Merced Irrigation District

  
 Suzy Hultgren  
 Secretary  
 Merced Irrigation District

Upon completion of the public hearing, and dependent upon input received from the public regarding this project, the Board can adopt said Mitigated Negative Declaration, which will be posted at the office of the County Clerk in the form of a Notice of Determination.

Deputy General Manager Eltal stated the International Brotherhood of Electrical Workers (IBEW) Local 1245 has requested the Board hear the grievance over the termination of employment of Ms. Belinda Almeida. Mr. Robbins noted this matter was continued from the last Board meeting at Ms. Almeida's request.

Mr. Grill stated the union believes the termination of Ms. Almeida was unjust and without sufficient cause. Ms. Almeida stated that her termination was unjust and that she wants her job back.

Mr. Robbins noted that according to the bargaining agreement, the Board has thirty days following this hearing to answer, and that the Board will take into consideration the record that has been made. However, he stated the DVD Ms. Almeida provided at the December 15, 2009, Board meeting is not part of the record as it should have been presented under Phase 1 and 2 of the grievance process. Mr. Grill stated all information presented by the union is included in the grievance.

Mr. Eltal requested the item to consider approval of Mr. Paramjit Singh's request to pipeline the El Nido Laterals A2 and A2A be removed from consideration. He stated staff plans to meet with downstream owners that indirectly benefit from the laterals and further secure deliveries before coming back to the Board.

Mr. Eltal also requested the item to consider adoption of Resolution No. 2010-2 granting Home Depot U.S.A., Inc. a Quitclaim Deed to the blanket water rights over its commercial development in the city of Atwater be removed from consideration. He stated a new finding requires further consideration and staff hopes to bring this item to the Board at the next meeting.

Mr. Kelly reported on an inspection of Tunnel No. 1 on the Main Canal performed this winter with AGM Facilities and Streams Acker and Surveyor/Cad Designer Mike Silva. He reviewed related observations and concerns. Mr. Kelly described Tunnel No. 1 as being 1,600 linear feet long, 22 feet wide and 15 feet high.

Mr. Kelly stated that in 2006 MID staff, with Condor Earth Technology, also inspected Tunnel No. 1. He reviewed the 2006 inspection and noted the largest concern was invert erosion (as much as 10 feet in some areas). At the time re-grading by backfilling low spots was recommended. He noted that sidewall erosion was also a concern (some holes greater than 5 feet). He stated the recommendation was to fill these areas with slurry. Mr. Kelly also noted that the upstream portal tunnel crown is partially collapsed and there is also canal slope erosion. He stated flattening of the slope and application of erosion control fabric was recommended. He stated that the report also recommended improving the surface drainage by raising the existing surface drainage runoff berm. Mr. Kelly stated it was determined that staff would continue to measure and update observations. He stated that Condor's conclusions indicated no threat of large global stability failure. He stated Condor also noted conditions would continue to worsen and recommended erosion mitigation to improve stability and prevent costly, catastrophic remediation.

Mr. Kelly reviewed observations from the 2009 inspection. He stated the inspection was performed on December 3, 2009. He stated there were no major changes in condition from 2006, but current dry conditions provided a better opportunity for measurements. He stated that based on the 2009 visual inspection and measurements, staff estimates it will cost about \$2.5 million to fill invert erosion and side holes. He stated this will repair the most significant challenges. Mr. Kelly displayed photos from 2006 and 2009 that displayed no significant change. However, he noted this type of erosion will cause the tunnel to fail, but when that will occur is unknown. He stated staff is providing this information to the Board at this time as an update of a large project staff will propose for Board consideration in the future. President Hunter inquired how much of this work could be performed in-house. Mr. Kelly stated a large contractor would likely be used. Mr. Eltal stated that time will be of the essence for this project as the Main Canal intercepts flood flows from the foothills and is a part of the overall flood control for Merced and Atwater. Mr. Eltal also stated that shutting down the tunnel, even in the off season, would dry up stock water to downstream users that are accustomed to receiving it. Mr. Acker further stated this work will be performed under confined space conditions using specialized equipment. He stated, if performed in-house, these conditions would create a large exposure for the District.

Mr. Robbins stated that staff has presented what appears could be a potential catastrophic event failure. He inquired what staff's recommendations are for the near term or 2010 season. Mr. Kelly stated that staff does not foresee an eminent failure threat at this time, but noted it is difficult to ascertain. President Hunter inquired what the implications would be if there were a failure. Mr. Acker stated that the tunnel could be dug out and operable within several weeks. Mr. Robbins inquired if the facility is near any vernal pool complexes. Mr. Acker stated that the facility generally goes through a sloped hill making any vernal pool impact minimal.

Mr. Eltal reviewed the Merced River Development Project Water Statistics Report. He reported that as of January 3, 2010, Lake McClure elevation is 747.92 feet compared to 694.80 feet in 2009, storage is 408,453 acre feet (AF) versus 250,000 AF in 2009 and inflow is 282 cubic feet per second (CFS) compared to 323 CFS in 2009. He reported year-to-date precipitation is 4.29 inches compared to the average of 4.31 inches. He reported that December 2009 inflow was 23,300 AF or 61% of average and December end of month storage was 408,500 or 90% of average.

Mr. Eltal reviewed the snow sensor water content data measured in inches, as follows:

<u>Station</u>	<u>Elev. (ft.)</u>	<u>1/4/2009</u>	<u>1/4/2010</u>	<u>Apr. 1 Avg.</u>	<u>% Apr. 1st</u>
Gin Flat	7050	7.88 (31.9)	8.60 (32.0)	34.2	22%
Tenaya Lk	8150	11.53 (NA)	11.40 (NA)	33.1	32%
Ostrander	8200	---	10.26 (38.4)	34.8	24%

Note: Snow depth shown in parenthesis

Mr. Eltal reviewed a Lake McClure storage forecast chart with end-of-month storage from September 2009 through October 2010. In addition to lake storage, the chart showed various exceedence scenarios, rain flood and conditional space storage reserve, minimum pool, 43-year average storage and the top of the old dam.

Mr. Eltal reviewed water operations for the 2010 Irrigation Season. He reviewed 90% exceedence scenarios forecasting April through July runoff at 284,500 AF with various curtailment levels and a 50% exceedence scenario forecasting runoff at 580,800 AF. He noted that average runoff is around 632,000 AF. He stated staff continues to recommend, for budgetary purposes, a 90% exceedence scenario with curtailment at 3.0 AF/acre (AC) and 1.5 AF/AC for the El Nido area, 50,000 AF of groundwater pumping, no Vernalis Adaptive Management Plan (VAMP) releases or sphere of influence (SOI) irrigation deliveries and ending the season on September 30. He stated under this scenario, estimated end of October storage would be 284,100 AF. Mr. Eltal stated with the first State Department of Water Resources snow survey publication, staff would move away from forecasting using historical data to actual observances. He stated that usually the first Bulletin 120 is released in February. However sometimes the unreduced results of a snow survey performed in January may be released.

Mr. Eltal reported that the National Weather Service is forecasting above normal temperatures through January 17 and precipitation above average in California.

Mr. Eltal stated staff is preparing to resume the Integrated Regional Water Management Plan process. He also noted that staff continues to monitor the effects of recent electric related legislation and will present recommendations and guidelines to the Board in the near future.

#### **REPORT OF THE AGM REGULATORY COMPLIANCE & GOVERNMENT AFFAIRS (WATER)**

AGM Rabone requested the Board consider approval of the purchase of two Parks Department replacement vehicles and a sewer jetter, included in the proposed 2010 Parks Department budget. He stated the reason for approval prior to adoption of the budget is due to Davis Grunsky funds availability and to allow time for its approval process. He stated that when the fund exceeds \$1 million dollars the excess funds can be used for non-compliance items. He stated that bills from previously authorized projects become due early this year and once paid would drop the fund below the \$1 million dollar level, making excess funds no longer available.

Mr. Rabone reviewed the maintenance history of vehicles 735 & 736. He stated one vehicle is a 1990 with 170,000 miles and the other is a 1997 with 230,000 miles. He stated these vehicles are approaching the point that the cost to maintain them is greater than purchasing new vehicles.

Mr. Rabone stated that the purpose of the sewer jetter is to clean out sewer lines to eliminate the use of outside services.

Mr. Rabone recommended the Board approve the purchase of two Parks Department replacement vehicles and a sewer jetter, included in the proposed 2010 Parks Department budget at this time to allow initiation of the Davis Grunsky approval process and noted that the 2010 Budget may be approved prior to actual funding. Director Pellissier moved to approve staff's

recommendation. His motion was seconded by Director Pedretti. Vice President Hultgren stated a preference to wait until the General Manager begins and consider this item at the next Board meeting. CFO Urquidez stated this request is being made at this time to allow staff to begin the documentation process before the fund is reduced and the opportunity is lost. Mr. Rabone stated the invoices for preapproved projects are due sometime in January. Director Pellissier stated staff continues to maintain these old vehicles because the Board has not approved the purchase of replacement vehicles in the past. Vice President Hultgren stated she recognizes the relevance for replacing the proposed vehicles, but prefers it be part of the budgetary process. She stated she would prefer the General Manager have the opportunity to review the fleet. Vice President Hultgren stated she could not support this request at this time, but that she might support it with further review and firm figures at the next Board meeting. President Hunter stated there is a motion and a second to approve staff's request and called for a roll call vote. The motion was denied by the following vote:

Ayes:	Directors:	Pedretti, Pellissier
Noes:	Directors:	Hunter, Hultgren, Long
Abstain:	Directors:	None
Absent:	Directors:	None

Mr. Rabone indicated staff would bring this item to the Board for consideration at the next Board meeting.

Mr. Rabone requested the Board consider approval of a general wage increase of 3.75% for MID Hydroelectric represented employees, effective January 1, 2010. He stated that a settlement was negotiated by representatives of the IBEW, Local Union 1245, AFL-CIO, and Pacific Gas & Electric Company (PG&E), and ratified by Local Union members on December 12, 2008. He stated that terms of this settlement included a general wage increase, using normal rounding, of three and three-quarter percent (3.75%) per year effective January 1 of 2009, 2010 and 2011. He stated an additional quarter percent (.25%) is to be added to the general wage increase on January 1, 2011, raising that year's general wage increase to four percent because the agreement was ratified on the first vote ( $3.75\% + .25\% = 4.0\%$ ).

President Hunter inquired if this increase was in addition to the 5% cost of living allowance. Hydroelectric Project Manager Randy Anthony stated that hydroelectric union negotiated wage increases are separate from the bargaining unit President Hunter is referring to. Director Long inquired if this is a contractual raise. Mr. Rabone replied that it is. Director Long noted that, as such, authorization for this wage increase was included in the Interim Spending Resolution No. 2009-27 adopted at the last Board meeting. Mr. Rabone then requested the Board consider the foregoing informational.

Mr. Rabone requested the Board consider approval of bids from PG&E in the amount of \$45,087.52 to relocate its high voltage electrical lines outside the working areas of the McClure Point Boatyard and provide a new electric service distribution line to the boatyard. Director Long inquired if this project is time sensitive. Mr. Rabone stated that until this project is completed the boatyard is unable to use the affected area, which leaves it with extremely limited space. Director Long inquired if the boatyard is currently full. Mr. Rabone replied that it is almost always full.

Vice President Hultgren inquired if this project is funded by Davis Grunsky funds and if it is similar to the prior request. Mr. Rabone stated this project is a regular capital project funded by Davis Grunsky, but not subject to the \$1 million excess cutoff. There was discussion regarding the two bid options provided by PG&E based on usage and an explanation supporting the recommended option. Director Long made a motion to table this item until the 2010 Budget is adopted. His motion was seconded by Vice President Hultgren.

Director Pellissier inquired, upon Board approval, when PG&E will begin work to move the line. Mr. Rabone stated PG&E will not commit to start until a minimum of 45 days after receiving payment. PG&E Representative Lane Puckett offered his assistance to expedite the process. Mr. Rabone stated staff would like to complete the project prior to peak recreation season. Mr. Puckett concurred. Director Long noted another area he believes to be even more dangerous than this project where boat ramp access requires passing under power lines. President Hunter expressed a desire to proceed. President Hunter inquired if MID staff is coordinating with PG&E regarding the project schedule. AGM Dunn stated that once the job is scheduled MID staff will coordinate its schedule accordingly.

President Hunter stated there is a motion and a second to table this item. This motion was denied by the following vote:

Ayes:	Directors:	Hultgren, Long
Noes:	Directors:	Hunter, Pedretti, Pellissier
Abstain:	Directors:	None
Absent:	Directors:	None

Director Pellissier moved to approve bids from Pacific Gas and Electric Company in the amount of \$45,087.52 to relocate its high voltage electrical lines outside the working areas of the McClure Point Boatyard and provide a new electric service distribution line to the boatyard. His motion was seconded by Director Pedretti and approved by the following vote:

Ayes:	Directors:	Hunter, Pedretti, Pellissier
Noes:	Directors:	Hultgren, Long
Abstain:	Directors:	None
Absent:	Directors:	None

Mr. Rabone reported on the Federal Energy Regulatory Commission's (FERC) Formal Study Dispute Resolution Determination issued December 22, 2009. He reported that the Determination extended the study area for two existing studies, ordered two additional studies and rejected 11 other additional studies requested through the dispute process. Mr. Rabone noted that the District and PG&E will coordinate efforts on studies that affect both entities' facilities. Mr. Rabone stated that draft plans will be filed with the FERC on February 5, 2010. Mr. Rabone noted the District will also continue to perform non-FERC required studies.

Mr. Rabone reported that he and Mr. Robbins met with Congressman Cardoza to plan a potential return trip to Washington, DC in late January to further pursue legislative approval for the New Exchequer Spillway Gate Modification. The out-of-state trip has been previously authorized by the Board.

Mr. Rabone reported that he and Mr. Robbins will attend a State Water Resources Control Board (SWRCB) scoping meeting on Delta water requirements this week. He stated this meeting is a result of SB 1 which required the SWRCB to receive scientific information to develop new flow criteria for the Sacramento/San Joaquin/Delta ecosystem necessary to protect public trust resources including volume, quality and timing of water necessary for the Delta ecosystem under different conditions. He stated this is a massive undertaking. Mr. Robbins noted this is a separate process from the previously announced process to adjudicate flows on the San Joaquin River for instream flow and salinity control. Mr. Rabone reported that SB 1 requires the SWRCB to submit a prioritized schedule and estimate of costs to complete instream flow studies for the Delta and high priority rivers and streams in the Delta watershed not otherwise covered by the Delta flow criteria discussed above by the end of 2010 and for all major rivers and streams outside the Delta watershed by 2018. Mr. Rabone stated this process could have severe consequences for not only the future of the Merced River and MID operations, but also for all water districts in the entire basin. Mr. Robbins stated SB 1 also requires the California Department of Fish and Game (CDFG) to develop a list of the ten rivers that need the most attention in terms of in stream flow. He stated a draft form of the list currently begins with the Yuba River followed by Tuolumne (second) and Merced (third).

Mr. Rabone reported on future meetings including: the National Oceanic and Atmospheric Administration (NOAA) Fisheries and CDFG to discuss place of use for Cowell Agreement Diverters; Parks Committee to discuss houseboat policies; and a FERC relicensing presentation to the Merced Rotary Club.

Vice President Hultgren stated that she is in support of the power lines being changed at the McClure boatyard. She stated that she would like to see an overall plan to optimize use of the dry dock as well as plans to address the water supply issues that have been discussed in prior Board meetings.

## **REPORT OF THE AGM BUSINESS DEVELOPMENT & ELECTRIC RESOURCES**

Mr. Eltal stated the item to consider adoption of proposed revisions to the Electric Service Rules was tabled from the previous Board meeting. He inquired if Vice President Hultgren would like to consider the item at this time or table it again. Vice President Hultgren requested to table the item again to provide additional time for review with staff. Mr. Eltal stated staff would bring this item for Board consideration at the next Board meeting.

## **AGM ENERGY RESOURCES ENGINEERING AND OPERATIONS**

AGM Dunn requested the Board consider approval of the G Street Tie capital improvement project. He stated that MID executed a contractual agreement entitled "Agreement to Provide Electric Services" with Mercy Medical Center, Merced on January 25, 2007. Mr. Dunn reported that construction for the hospital has now been completed. He stated testing and certification will continue through the end of March and by early May Mercy Hospital is scheduled to receive patients. Mr. Dunn described the two distribution feeder circuits in the North Merced area this project would tie together.

Mr. Dunn stated that upon approval, staff will release the project for bid and expects to return to the Board on February 2nd to consider an award of bid. He stated staff would expect to begin construction immediately thereafter to meet the hospital's projected opening date. He stated the project is estimated to cost \$492,000 and will be initially funded out of cash reserves. Mr. Dunn stated that completion of this project will improve the reliability of the system and provides potential back feed. He stated the District's electric system has been designed with several connection points between individual feeder circuits and has had occasion to use all of them as back feeds during outage situations. He stated that utilizing these back feeds, where they are available, has enabled staff to minimize down time to customers during outages.

Mr. Dunn recommended the Board approve the G Street Tie capital improvement project with a budget of \$492,000 to be funded out of cash reserves. He stated that staff anticipates Certificates of Participation (COP) funds may pay for some of this project, but the amount will not be determined until current projects are settled. Mr. Dunn stated that according to the last quarterly statement, cash reserves have fluctuated between \$3 and \$5 million. President Hunter inquired regarding the length of the contract with Mercy Hospital. Public Benefits and Major Accounts Manager Vanessa Lara stated the contract is dated January 25, 2007, and has a five year term, which is typical of an MID electric service agreement, effective from the day of actual service. On motion of Vice President Hultgren, seconded by Director Pellissier, the Board unanimously approved the G Street Tie capital improvement project with a \$492,000 budget out of Electric Services cash reserves.

Mr. Dunn reported on the status of the Pioneer transformer. He stated it was delivered to Anaheim and a loose lead was discovered. He stated staff is awaiting a final estimate for repairs and reassembly from General Electric. He stated repairs should be complete by the end of February. He stated the rental transformer was connected and testing should be complete this week.

## **REPORT OF THE CHIEF FINANCIAL OFFICER**

CFO Urquidez reported that staff has begun the year end close process. He stated the physical inventory year end count was performed recently.

President Hunter requested Mr. Urquidez review the most recent Parks Department Weekly Revenue and Attendance report for accuracy.

President Hunter thanked former Director Pimentel for his attendance and years of service to the District. He also thanked the other guests attending today.

Director Long made a motion to freeze hiring until the 2010 Budget is approved. Mr. Robbins stated a motion must first be made to add this item to the agenda for consideration, which requires four votes. Director Long moved to add consideration of a hiring freeze until the General Manager begins and/or the 2010 Budget is approved. His motion was seconded by Vice President Hultgren and the Board unanimously added the item to the agenda.

Mr. Long stated he would like a hiring freeze considered to accommodate the possibility of reorganization out of attrition. Mr. Long made a motion to freeze hiring until the 2010 Budget is approved. Director Pellissier inquired if this would be a problem for staff. Mr. Eltal stated staff would return to the Board with a request to lift the hiring freeze for specific positions if necessary. Mr. Urquidez noted there are currently two open positions. He stated applicants were interviewed recently for a part time position in Electric Marketing and an executive search firm is on contract for the Controller position. Director Long amended his motion to freeze hiring until the General Manager arrives on Monday, January 11. This motion was seconded by Vice President Hultgren and unanimously approved by the Board.

### EXECUTIVE SESSION

At 11:13 A.M. President Hunter called for an executive session.

Mr. Robbins stated there are two items for executive session. He stated the first is to confer with the Deputy General Manager and General Counsel to give direction regarding potential and/or existing litigation. He stated authority for this action is under Government Code Section 54956.9. He stated this item relates to the retail electric system and the SWRCB Delta FERC study changes.

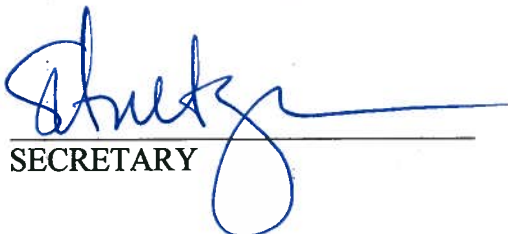
Mr. Robbins stated the final item is to confer with the Deputy General Manager and General Counsel to give direction regarding personnel matters. He stated authority for this action is under Government Code Section 54957.

At 11:25 A.M. President Hunter convened the executive session with all Board members present.

At 12:00 P.M. President Hunter reconvened the meeting into regular session with all Board members present.

At 12:01 P.M. on motion of Director Long, seconded by Director Pedretti, the Board unanimously adjourned the meeting.

The next regularly scheduled Board of Directors meeting is Tuesday, January 19, 2010, at 9:00 A.M.

  
SECRETARY

APPROVED:

  
PRESIDENT