

MINUTES OF THE SPECIAL MEETING OF BOARD OF TRUSTEES
FOR RECLAMATION DISTRICT 1608
HELD TELEPHONICALLY ON TUESDAY, AUGUST 24, 2020

A Special Meeting of the Board of Trustees of Reclamation District 1608 was called to order telephonically at 2:00 p.m. by President Michael Panzer on Tuesday, August 24, 2020, via Toll-Free Dial-In Number: (877) 252-8822; Conference ID 507599.

TRUSTEES PRESENT WERE:

MICHAEL PANZER
BRETT THOLBORN
DAN MacDONNELL

OTHERS PRESENT WERE:

ANDY PINASCO
CHRIS NEUDECK
JOE BRYSON
ELVIA TRUJILLO
JEFF MULLER
GERARD HAMMER
DOMINICK GULLI
TOM FOULKS

ABSENT

DANIEL SCHROEDER

1. **Public Comment.** Dominick Gulli inquired whether there were any additional documents for this meeting in addition to the change order spreadsheet that had been provided and President Panzer confirmed that was the only document for this meeting.
2. **Engineer's Report.**
 - a. Sediment Removal Project.
 - i. Discussion and Possible Action Regarding Project Scope.

Chris Neudeck presented this item. He started by giving background information on the Sediment Removal Project. The original contract figures were based on the 2017 slough conditions requiring removal of an estimated 60,000 cu-yds and were the basis for the District's permits. In conducting the required pre-dredge subsurface survey, it was discovered that the estimated amount of dredge quantity had increased from 60,000 cu-yds to 75,797 cu-yds. It is presumed that the aquatic weed is the cause for the increase in sedimentation.

Because the existing conditions of the aquatic weed is more extensive than anticipated, Chris Neudeck reported he has worked with the City of Stockton so that aquatic weeds can be placed to dry on the levee at Grupe Park and, once dry, they will be hauled in containers. The District is currently working on the agreement with the City of Stockton for the debris handling of this project.

Due to the increase in estimated amount of dredge quantity, and the existing site conditions with extensive aquatic weeds, the District's contractor has requested that the District Engineer consider a change order proposal to make sure the project is completed within the required work window.

Mr. Neudeck then referenced the spreadsheet provided for the meeting with the figures of the original contract highlighted in yellow and the proposed District options in blue. The yellow tables show the original contract figures under the 2017 slough conditions and the 2020 slough conditions. The difference under the two yellow tables is the total quantity of material to be removed coupled with the debris handling in the amount of \$169,361.00. Three proposed contract change order options were presented. Contract Change Order 1 with a dredge depth of -4.5 and dredge volume of 60,000 cu-yds and corresponding figures; Contract Change Order 2 with a dredge depth of -5.0 and dredge volume of 66,000 cu-yds and corresponding figures; and Contract Change Order 3 with a dredge depth of -6.0, dredge volume of 75,797 cu-yds. Mr. Neudeck in presenting those options stated that consideration should be given to the dredge depth, length and volume as this is a project to provide access along the developed area in case of a disaster. Mr. Neudeck recommended that when considering these change order options, longevity, maintenance, and operation of the channel should be taken into account.

Further discussion followed on the debris handling fee by Dixon Marine in the amount of \$169,361.00 as well as the Port fees. Trustee MacDonnell questioned how the additional debris handling fee came about since the contractors came out to do a site evaluation. He requested that this fee be looked at and discussed with Dixon Marine. As to the Port fees, Trustee MacDonnell offered to contact the Port Director. There were further questions as to the bid by Dixon Marine. Mr. Neudeck explained that as a public entity, the district is responsible to award to the lowest responsive bidder. References were checked and award was done on bonding capability, performance, and completion of the job. What was not taken into consideration was that the smaller machine would create the issue at hand. If Dixon Marine is stopped now, the project cannot be completed and the District will incur additional costs. Timing constraints need to be taken into consideration. Due to permitting, this is the first dredging project in quite a while.

In further discussing change order options, all three Trustees favored option 3. President Panzer stated he would consider Option 3 with the notion that possibly these costs can go down with negotiation. President Panzer and Trustee Tholborn would like Trustee MacDonnell to participate and accompany District Engineer to any negotiations in an effort to bring costs down.

President Panzer opened the item to public comment. There was no public comment.

No action was taken to reduce the scope of the Project.

ii. Discussion and Possible Action Regarding Contractor Change Order Request.

Trustees Panzer, Tholborn, and MacDonnell further discussed the options presented. Taking into consideration the District already having the permits required for the project and longevity in providing access to emergency equipment in case of a disaster, the Trustees elected to go with Option 3, which maintains the original project scope and accounts for the increase in dredge material and excessive aquatic vegetation.

After discussion,

It was moved, seconded (B. Tholborn/D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 to authorize District Engineer to negotiate with Contractor the terms of Contract Change Order Option 3, and authorize President Panzer to execute the Change Order.

3. **Discussion and Possible Action to Execute Registered Warrant Purchase Agreement.**

Due to the increased costs associated with the project, the District will need to arrange for the purchase of its registered warrants.

Mr. Pinasco explained that when the District has insufficient funds to pay a warrant, the Water Code allows the district to register warrants with the County, which will bear interest at the interest rate determined by the Trustees. The registered warrants are only enforceable for four years. After registration of the warrant, when the District receives revenue the registered warrants are paid in the order of registration, or the order agreed to, in writing, by all of the holders of the District's outstanding registered warrants. The Registered Warrant Purchase Agreement would be such an agreement. Mr. Neudeck further explained the way registered warrants work is that once you get to a point in your fiscal year when revenue is not enough to pay expenses, then you make use of the registered warrants to pay bills.

Mr. Pinasco reported that the Bank of Stockton has agreed to offer a Registered Warrant Purchase Agreement to the District, which would provide the terms under which the Bank would hold the District's registered warrants. The Bank of Stockton proposed that the Trustees determine that the registered warrants bear interest at 3.75 percent.

Dr. Panzer asked whether the bank will honor the 3.75 percent interest rate for the term of the Agreement and Mr. Pinasco replied the bank will honor the rate pursuant to the agreement. Mr. Neudeck added this process is followed regularly by rural districts that

are not as well funded as Reclamation District 1608. He further stated that, generally speaking, the interest rate does not typically change. In his recollection working with Bank of Stockton, the interest rate variation has been limited.

Mr. Pinasco further explained that the Water Code requires the Trustees to adopt by resolution a rate of interest the Trustees deems reasonable. Mr. Pinasco suggested that such could be accomplished under this agenda item by taking action by resolution to provide approval of a Warrant Purchase Agreement, the desired term of the Warrant Purchase Agreement, the ceiling limiting the amount of warrants to be registered under the Agreement, that the registered warrants will bear interest rate at 3.75 percent, that the warrants will be redeemed in the order they are drafted, and provide for delegation of authority to a District official, preferably the Board President. Trustee Tholborn asked if the term on the demand warrants was negotiable and Mr. Pinasco indicated that the 4-year term is statutory, but it can be extended so long as the warrant has not expired.

At this point, the Board President opened the item to public comment.

Tom Foulks commented his personal observation is the water level has decreased allowing the aquatic weed to receive more sunlight which in turn encourages fast growth.

Dominick Gulli commented on holding the contractor accountable for some of the issues that have arisen. He also commented on the increase of unit costs and on the Port charging an amount that seems rather high. Dr. Panzer explained the unit cost increase is due to the short timeframe for the project resulting in the workers having to work more hours, days, and weekends.

Action to enter into the Registered Warrant Purchase Agreement with the Bank of Stockton by Resolution 2020-05 with the following terms:

- establish a ceiling of one million dollars for registering warrants
- provide that registered warrants will bear interest rate at 3.75 percent
- warrants will be redeemed in the order they are registered
- delegate authority to the District President to execute the Warrant Purchase Agreement
- establish the term shall not exceed 4 years

After further discussion,

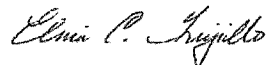
It was moved, seconded (B. Tholborn/D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 to adopt Resolution 2020-05 authorizing the Registered Warrant Purchase Agreement with the Bank of Stockton to include all of the terms set forth above.

4. **Staff Reports.**

(a) **Attorney.** The Agenda for this meeting was posted on the window outside the meeting room at 3121 West March Lane, Stockton, California, at least seventy-two (72) hours preceding the meeting.

5. **Adjournment.** The meeting adjourned at 2:54 p.m.

Respectfully submitted,



Elvia C. Trujillo
District Secretary