

THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF STOCKTON EAST WATER DISTRICT WAS HELD AT THE DISTRICT OFFICE
6767 EAST MAIN STREET, STOCKTON, CA
ON TUESDAY, MARCH 7, 2017 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President McGurk called the regular meeting to order at 12:22 p.m., Director Atkins led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti and Watkins. Also present were Manager Moody, Assistant Manager Johnson, District Engineer Lee, Finance Director Naray, Administrative Services Manager Carido, Administrative Clerk Curtis, Legal Counsel Zolezzi and Consultant Barkett.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 02/28/17 Regular Meeting

A motion was moved and seconded to approve the February 28, 2017 Regular Meeting Minutes, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the March 7, 2017 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

3. Association of California Water Agencies/Joint Powers Insurance Authority – Refund Check Presentation

Manager Moody introduced Dianna Sutton, Finance Manager and R. Scott Wood, Risk Management Consultant with ACWA/JPIA. Ms. Sutton attended the meeting to present the Board with a refund check from the ACWA/JPIA Insurance Programs (Liability, Property and Workman’s Compensation). Ms. Sutton informed the Board the District has done a good job keeping insurance claims to a minimum and participating in ACWA/JPIA training, which also contributes to reduced claims. Currently SEWD staff has completed 196 ACWA/JPIA training(s). Ms. Sutton presented the District with a check in the amount of \$31,246. Manager Moody thanked Ms. Sutton for the presentation and the refund check.

Director Watkins inquired on the length of the training courses staff attends. Mr. Wood replied the length of course varies on the course itself; the length ranges from 1-hour to 4-hours.

Manager Moody reported Mr. Wood generally conducts training onsite to reduce travel time for staff.

President McGurk inquired how many refund checks were distributed this year. Ms. Sutton replied 153 checks were issued totaling ~\$4.5 million.

4. United States Bureau of Reclamation – 2017 Central Valley Project Water Rates Follow-up Discussion

Manager Moody provided the Board with information on the United States Bureau of Reclamation – 2017 Central Valley Project Water Rates. Manager Moody provided the Board with a handout explaining the Trinity Surcharge. Manager Moody reported the Surcharge is for the administrative expenses for the Commissioner in the Denver Office. The Trinity Surcharge has been included on the District's bill since 2007. This item was for information only.

E. COMMITTEE REPORTS

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 02/28/17

Directors Sanguinetti attended the February 28, 2017 San Joaquin Farm Bureau Federation – Water Committee Meeting. Director Sanguinetti reported there was discussion on the Demonstration Recharge Extraction & Aquifer Management (DREAM) Project; Brandon Nakagawa provided a handout of a timetable for how the Project will proceed. President McGurk inquired if any questions were asked of the District or North San Joaquin Water Conservation District about the DREAM Project. Director Sanguinetti reported there were only a couple questions for Woodbridge Irrigation District, but none for the other districts. The next meeting is scheduled for March 28, 2017.

2. Stockton East Water District Agricultural Operations Committee Meeting, 03/06/17

Directors Atkins, Cortopassi, Sanguinetti, Manager Moody, Assistant Manager Johnson, Finance Director Naray, District Engineer Lee and Administrative Services Manager Carido attended the March 6, 2017 Agricultural Operations Committee Meeting. Director Cortopassi reported the discussion focused on Brett Lagorio's farming operations for 2017; specifically harvesting rice on the North Site Property in an effort for the District to recharge water simultaneously. Director Cortopassi reported given the time of year, planting rice may not be the best option as it is getting late into the season. Mr. Lagorio is going to submit a proposal to Manager Moody for Board consideration on how he plans to use the land and rental fees he can afford. Director Panizza inquired if the rice harvest is not attainable, will Mr. Lagorio be free to plant a crop of his choosing this season. Director Cortopassi replied it depends on the land is engineered; perhaps the ground will remain fallow for the year. Director Panizza inquired if there is a timeline as to when the engineering will be complete. Director Cortopassi replied by September. Manager Moody advised bringing the Proposal from Mr. Lagorio to the Board for review.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 03/06/17

Manager Moody provided a handout of the Water Supply Report that included storage, release, and production data collected from various sources as of midnight last night.

Manager Moody reported there is 199,154 AF in storage at New Hogan Reservoir. Current releases are set at 2,279 cfs. There is 1,629,086 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 205 cfs and release to all water users are set at 205 cfs. The water treatment plant is currently processing 16 mgd. The City of Stockton's water treatment plant production was not available.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5, F2a-6, F2a-7, F2a-8 and F2a-9. Legal Counsel Zolezzi reported on F2a-1 suggesting evaluating the need of the Board receiving District email address to help protect against using a personal account for communication of business related items. Manager Moody advised more information to follow.

3. Report on General Manager Activities

a. United States Bureau of Reclamation Study Ability-to-Pay (ATP) Meeting, 02/24/17

Assistant Manager Johnson attended the February 24, 2017 United States Bureau of Reclamation Study Ability-to-Pay (ATP) Meeting. Assistant Manager Johnson reported the ATP process is an economic evaluation of 51 contractors over 5-years. Of the 51 contractors, 27 are currently granted full relief. Assistant Manager Johnson reported the 2010 ATP process was completed last year; the District was the last study to be completed and the 2015 study has just begun. Assistant Manager Johnson reported there was discussion on the Office of Inspector General report which recommended improving rate setting practices and estimates of future water deliveries, which resulted in elevated rates in 2016. Assistant Manager Johnson reported reclamation charges included both Central Valley Project (CVP) water charges, which should end in 2030 and Central Valley Project Improvement Act (CVPIA) Restoration Fund charges, which are likely to extend past 2030. Power customers have an exit option in 2019, and stated their analysis indicated hydroelectric is becoming economically infeasible. Assistant Manager Johnson reported there was discussion on the Water Fix and Substitute Environmental Document (SED). Although the Water Fix is a state project, not federal, some O&M costs from Water Fix may be included in Reclamation charges for CVP.

Director Watkins suggested discussing the directive from the Office of Management and Budget on recalculation on how rates are charged during the One Voice Trip. Legal Counsel Zolezzi advised once the new Administration is in place, the District needs to demand review of the ATP as the District has never received a thorough review or answer of not qualifying for relief. This item was for information only.

b. ACWA State Legislative Committee Meeting, 03/03/17

Manager Moody attended the March 3, 2017 ACWA State Legislative Committee Meeting. Manager Moody reported there was discussion on the ACWA D.C. Conference Legislative Trip, the main topic was pushing infrastructure spending and pushing for a better relationship between California and the Federal Government. Manager Moody reported there was discussion on the Senate Constitutional Amendment for Senator Hertzberg's bill. Manager Moody reported Senator Hertzberg accepted all of the amendments and demands proposed by the ACWA State Legislative Committee. ACWA is now a sponsor to a constitutional amendment. Manager Moody reported ACWA took a watch position on AB 200 (Eggman) Regarding Reclamation District No. 1614, which is part of a joint application process with a proposal from the Wisconsin Pump Station. Manager Moody reported ACWA took a watch position on AB 313 (Gray) regarding State Water Management. Director Watkins inquired if ACWA will be looking at new bills that have been introduced this year. Manager Moody replied if the bill is focused on water

the State Legislative Committee will generally see it. The next meeting is scheduled for March 24, 2017.

- c. ACWA/JPIA Training Department – Prevention Classes for Managers & Board Members, 04/06/17 & 05/02/17
Manager Moody provided the Board with information on Prevention Classes for Managers & Board Members provided by the ACWA/JPIA Training Department. Manager Moody reported the webinars listed fulfill the AB 1825 requirement. Manager Moody reported this will be offered at the upcoming ACWA Spring Conference in Monterey. Manager Moody advised the Board to inform staff if they are interested in viewing the webinar.

- d. Linden Colledgeville Farm Center Meeting, 03/02/17
Manager Moody attended the March 2, 2017 Linden Colledgeville Farm Center Meeting. Manager Moody reported there was discussion on the Substitute Environmental Document (SED), unimpaired flow issue and the Sustainable Groundwater Management Act (SGMA). Manager Moody reported he advised that the Linden Colledgeville Farm Center should remain informed on current topics and should participate in any way they can. Manager Moody advised the group to reach out to District staff for any information or guidance they may need. President McGurk inquired if the group seemed to know about the SED, unimpaired flows and SGMA. Manager Moody replied there were some in the group who understood; fortunately Julianne Phillips had put out information and signs for those to take after the meeting. Director Sanguinetti reported of ~40 in attendance and commented Manager Moody did a good job.

- e. Delta Water Users Association Annual Membership Meeting, 03/15/17
Manager Moody attended the March 15, 2017 Delta Water Users Association Annual Membership Meeting. Manager Moody inquired who from the Board would like to attend. All Board with the exception of Director McGaughey will attend.

H. DIRECTOR REPORTS

- 1. Greater Stockton Chamber of Commerce Monthly Mixer – Stockton Ports, 03/02/17
Nothing to report.

Director McGaughey reported she received an invitation to the April 3, 2017 Greater Stockton Chamber of Commerce Golf Tournament and provided the event information to staff if interested in participation.

H. COMMUNICATIONS

- 1. City of Lodi – Mokelumne River Association Meeting Cost Share, 02/16/17
Manager Moody provided the Board with correspondence from the City of Lodi regarding District's cost share amount (coffee and luncheon expenses) for the January 13, 2017 Mokelumne River Association (MRA) Meeting. Manager Moody inquired if the Board is interested in remaining members of the MRA. Director Panizza suggested staff advise the Board of upcoming MRA meetings; and, the Directors can rotate meeting attendance. The consensus of the Board was to maintain the District's membership with the MRA and pay the District's cost share in the amount of \$44.37.

I. AGENDA PLANNING/UPCOMING EVENTS

- 1. Greater Stockton Chamber of Commerce and the Green Team San Joaquin REXPO & Keynote Luncheon, 03/08/17

2. Eastern San Joaquin County Groundwater Banking Authority Board Meeting, 9:30 a.m., 03/08/17
3. Sustainable Groundwater Management Act Workgroup, 10:00 a.m., 03/08/17
4. Annual Ag BBQ At The Lodi Grape Festival Grounds Hosted By F&M Bank, 11:00 a.m., 03/09/17
5. Delta Coalition Committee Meeting, 8:30 a.m., 03/13/17
6. San Joaquin County & Delta Water Quality Coalition Meeting, 9:00 a.m., 03/13/17

J. REPORT OF THE COUNSEL

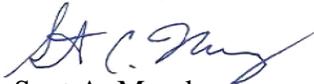
1. Closed Session - Existing Litigation
Central San Joaquin Water Conservation District
vs. Stockton East Water District
Government Code 54956.9 (a)
2. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

President McGurk adjourned the meeting to closed session at 1:16 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:35 p.m., with no reportable action.

J. ADJOURNMENT

President McGurk adjourned the meeting at 2:36 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

