

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, OCTOBER 31, 2017 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President McGurk called the regular meeting to order at 12:18 p.m., and Director Cortopassi 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 Vega, 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 10/24/17 Regular Meeting

Director Cortopassi made the following correction to the minutes:

- Page 3, section F-1, 6th paragraph, 1st sentence – strike the word “a” and replace with “the Bellota”.

A motion was moved and seconded to approve the October 24, 2017 Regular Meeting Minutes, as amended.

Roll Call:

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

2. Warrants

- a. Fund 67 – Agricultural Fund
- b. Fund 68 – Municipal & Industrial Groundwater Fund
- c. Fund 70 – Administration Fund
- d. Fund 71 – Water Supply Fund
- e. Fund 91 – Vehicle Fund
- f. Fund 94 – Municipal & Industrial Fund
- g. Summary
- h. Short Names/Acronym List
- i. SEWD Vehicles & Heavy Equipment

President McGurk reported on a typo on the expense on page 9, line item 5 for Association of California Water Agencies for 2018 annual ACWA agency dues 04/01/18-12/31/18 prepaid in the amount of \$16,359.44 stating the 13 should read as a “12”. Manager Moody agreed.

Director Sanguinetti inquired on the expense on page 16, line item 32 for United Rentals North America Inc. for repair of controls on rental Ditch Witch on Tank T-2 project in the amount of \$473.81. District Engineer Lee replied staff broke a piece of the equipment and had to replace it, while using it to clean the trough for the new pipes for the T-2 Tank.

Director Atkins inquired on the expense on page 15, line item 1 for Bills Mower and Saw for parts and labor to repair and service Walker mower in the amount of \$411.02. Manager Moody replied this is the District's mower that needed repairs to be functional. President McGurk inquired if Walker is the brand name. Manager Moody replied yes.

A motion was moved and seconded to approve the October 31, 2017 Warrants, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins

Nays: None

Abstain: None

Absent: None

3. Bank of the West – Proposal Presentation (Reserved Funds)

Manager Moody provided the Board with a proposal from Bank of the West for the District's Reserved Funds. Jacob Gunter provided the Board a presentation on the District's options to store the reserved funds. Mr. Gunter reported the information provided shows non-restricted funds, which helps grown money in a conservative fashion. If the Board choose to put the reserved funds in a CD Ladder, the funds would all be FDIC insured and the CD's renew every 6-months. Mr. Gunter reported staff would meet with him twice a year to look at current rates and make adjustments if necessary. Evaluating the funds semi-annually would help the District take advantage of longer-term rates, but allow liquidity to be available in the short term.

Manager Moody reported the reserved funds discussed are the Other Post – Employment Benefits (OPEB) funds, which consist of ~\$2 million. Manager Moody advised what the District has received ~0.24% - 0.72% in returns from the County from 2012-2017. Mr. Gunter explained the CD Ladder averages a return of ~1.75% that is FDIC insured. Performance on the CD's will exceed what has been received from the County over the last 5-years.

Director Watkins advised that the County used to have a good return on investment. Manager Moody replied the County invests in different areas, then takes an overhead cost of the top and gives the remainder to the District.

Director Watkins reported staff should research bring back to the Board. Manager Moody advised staff will bring their recommendation to the Board.

President McGurk inquired if the FDIC has insurance limits. Mr. Gunter replied it is \$250,000 per financial institution. The CD's would be split over multiple institutions and not housed at one bank. This item was for information only.

4. Auburn Dam Council Presentation

Manager Moody provided the Board with information from the Auburn Dam Council. Ken Payne, Chairman of the Auburn Dam Council spoke to the Board about the Water Storage Investment Concept Paper. Discussion focused on the Auburn Dam and the concept paper for the California

Water Commission for Proposition 1 water storage investment funding. Mr. Payne reported the Auburn Dam Council has not submitted the paper to the Water Commission.

Mr. Payne reported the Auburn Dam Council will be meeting with Congressman McClintock's office to discuss the next steps with this paper. Originally, the Auburn Dam Council was looking to use the Folsom South Canal to bring water to San Joaquin County, however, due to flow requirements in the American River, which may not be possible. Mr. Payne reported they might however be able to bring water from Freeport to the County.

Mr. Payne reported the United State Bureau of Reclamation (USBR) wants to see a local sponsor on this paper, in conjunction with the Auburn Dam Council. Due to the need of a local sponsor, the Auburn Dam Council thought it best to create a Joint Powers Agreement (JPA). Manager Moody inquired what caused the Auburn Dam storage project to stop. Mr. Payne replied the seismic concerns of the Oroville earthquake in 1975. Since that time, the Auburn Dam Council has been advised that seismic concerns are not an issue for Auburn Dam. The Dam has been using concrete gravity, which will compensate for a certain amount of movement due to an earthquake.

Mr. Payne reported the estimated cost to build the project is ~\$4-6 billion. The storage project would be located south of the City of Auburn on the North Fork of the American River. The water sources would be the American River Watershed. Mr. Payne reported the facilities would include: a reservoir, of as much as 2.3 million AF; a hydroelectric power production facility, with a capacity of as much as 800 megawatts; flood protection capacity for the Sacramento Region to reach at least the 400-year flood event; and a variety of recreational activities, with year-around boating facilities available. Mr. Payne reported this project would allow Folsom Reservoir to remain full at all times, which is critical to meet the requirements of the Biological Opinions (BiOps) and to stabilize the Lower American River.

Mr. Payne reported the public benefits of this project include, ecosystem improvements that would furnish an adequate supply of water to maintain fresh water for Delta ecosystems and fisheries; water quality improvements that will help to offset climate-change induced loss in snowpack; flood control, making Folsom Reservoir able to provide a critical supply of water in the event of seismically-induced levee failures in the Delta; convenient access to adequate water supplies for battling regional wild fires; and recreational purposes.

President McGurk inquired if Mr. Payne intends to present to other agencies in San Joaquin County. Mr. Payne replied yes, he recently met with Peter Rietkerk, South San Joaquin Irrigation District and has met with Supervisor Winn. Brandon Nakagawa added the County is a member of the current JPA for the American River Authority. Mr. Nakagawa advised the Advisory Water Commission should hear from Mr. Payne.

Director Cortopassi inquired if Mr. Payne has reached out to any water agencies in Southern California. Mr. Payne replied not yet. The Auburn Dam Council is relying on other Districts to help spread the word to each other.

5. Irvine Ranch Water District – Request for Support of Board Member Steven E. LaMar to Serve as Association of California Water Agencies Vice President (2018-2019 Term)
Manager Moody provided the Board with information from Irvine Ranch Water District – Request for Support of Steven E. LaMar to serve as the Vice President of Association of California Water Agencies (ACWA) for the 2018/2019 Term.

Director McGurk inquired if Consultant Barkett has any comments as Mr. LaMar is the Chair of ACWA's Federal Affairs Committee. Consultant Barkett replied there is nothing negative about Mr. LaMar, he is not a forceful leader.

President McGurk queried the Board if they would like to support the nomination for Mr. LaMar. The consensus of the Board was to remain non-committal at this point.

6. Cancellation of November 28, 2017 Stockton East Water District Regular Board Meeting
Manager Moody provided the Board with a draft cancellation notice for the November 28, 2017 Stockton East Water District Regular Board of Directors Meeting. Consensus of the Board was to cancel the November 28, 2017 Regular Board Meeting.
7. New Hogan System Operations Projections
Manager Moody provided the Board with information on the New Hogan System Operations Projections. Manager Moody reported he spoke with Marchia Bond with the United States Army Corps of Engineers (USACE) and staff has revised New Hogan Storage Projections to show a 15% encroachment. Manager Moody sent Ms. Bond the New Hogan Storage Projections and she advised the USACE will be proceeding using these numbers, however, if there are changes due to weather she will discuss with Doug Demko, FishBio, to determine how to proceed.

Manager Moody reported per the Habitat Conservation Plan (HCP), the District will identify the remaining water at the end of the year and consult with the fisheries on how to release the water.

Director Watkins inquired if the fish pulse flows on the Stanislaus River go above 1,500 cfs. Legal Counsel Zolezzi replied yes. Director Watkins stated the Calaveras River capacity should be much lower than that of the Stanislaus River and perhaps, the pulse flow is elevated too high. It would be better to allow passage at a longer time. Once the river drops below 350 cfs, it becomes unpassable. Manager Moody advised he will inquire with Ms. Bond if they can have a lower maximum release, but with a longer time-frame.

Director Cortopassi inquired why the releases are so minimal in November. Manager Moody replied the USACE wants the increase of pulse to attract the fish, with a slow decrease.

Director Cortopassi inquired if staff leaves the dam at Mosher Slough installed to allow water to flow down Mosher, would staff be able to remove the dam in a moment's notice if need be. Manager Moody replied yes. This item was for information only.

E. COMMITTEE REPORTS

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 10/24/17
Directors Sanguinetti and Watkins and Manager Moody attended the October 24, 2017 San Joaquin Farm Bureau Federation – Water Committee Meeting. Director Sanguinetti reported Jim Stone, San Joaquin County, spoke about maintaining the channels. Mr. Stone provided reasons as to why they cannot be maintained due to lack of funding. Manager Moody reported the County would need to obtain a permit anytime they would need to go into non-project portions of waterways, even if it is just to clean. The County reported it is the landowner's responsibility to take care of the waterways. You must have a permit to clean-up the waterways and much follow guidelines within that permit to clean. The next meeting is scheduled for November 28, 2017.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 10/30/17

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

There is 193,939 AF in storage at New Hogan Reservoir. Current releases are set at 61 cfs. There is 2,001,455 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 1,312 cfs and release to all water users are set at 1,320 cfs. The water treatment plant is currently processing 25 mgd. The City of Stockton is currently processing 19 mgd.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4 and F2a-5.

3. Report on General Manager Activities

a. Public Policy Institute of California (PPIC) – Groundwater Recharge Survey Workgroup Meeting, 10/30/17

District Engineer Lee attended the October 30, 2017 Groundwater Recharge Survey Workgroup Meeting. District Engineer Lee reported they would like to see storage exchanges and transfers within the Southern Central Valley, however there are environmental regulations and water right issues that are hampering this process. Manager Moody reported these are the same issues the ACWA Subcommittee has by trying to define excess water and when it can be diverted, without having to go through a 5-year regulatory process.

G. DIRECTOR REPORTS

1. Water Treatment Plant Tour – Assembly Member Flora, 10/30/17

Directors Atkins, Cortopassi, McGurk, Sanguinetti, Watkins and Manager Moody attended the October 30, 2017 Water Treatment Plant Tour with Assembly Member Flora. President McGurk reported Assembly Member Flora's philosophies mirror the District's and he has an Ag Background. Assembly Member Flora is looking for moderate Democrats that Republicans can work cohesively with. President McGurk reported there was discussion on the general urban areas, like, the Bay Area and coastal valleys that do not understand the central valley. Assembly Member Flora is hopeful those areas are willing to become more knowledgeable about the central valley. Manager Moody reported Assembly Member Flora stated the two biggest threats at this time are the State Water Resources Control Board and the California Air Resources Board. President McGurk reported there was discussion on legislation and the District's ability to approach Assembly Member Flora in the future about legislation.

President McGurk and Director Cortopassi attended a vendor appreciation lunch hosted by Mid Valley Ag. President McGurk advised staff reach out to John Fugazi a Linden Farmer, who mentioned he has a 10-acre pond between Mosher Creek and the Calaveras River, of which the District may use. Manager Moody advised staff will make contact to look at the land and determine if the District can utilize the space.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. Delta Stewardship Council, Open House for Release of Draft Program Environmental Impact Report for the Proposed Delta Plan Amendments, 4:00 p.m., 11/01/17

2. Delta Stewardship Council, Open House for Release of Draft Program Environmental Impact Report for the Proposed Delta Plan Amendments, 10:00 a.m., 11/02/17
3. ACWA Region 4 Board Strategic Workshop, 12:00 Noon, 11/02/17
4. Greater Stockton Chamber of Commerce Monthly Mixer – Children’s Museum of Stockton, 5:15 p.m., 11/02/17
5. Stockton Area Water Suppliers Meeting, 3:00 p.m., 11/06/17

J. REPORT OF THE COUNSEL

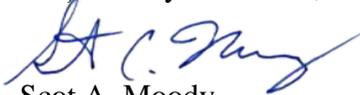
1. Closed Session – Potential Litigation
Government Code 54956.9 (c) – one case

President McGurk adjourned the meeting to closed session at 1:36 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:46 p.m., with no reportable action.

J. ADJOURNMENT

President McGurk adjourned the meeting at 1:47 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

