

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 21, 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., and led the Pledge of Allegiance.

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

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

Fritz Buchman reported the Board of Supervisors accepted the Demonstration Recharge Extraction & Aquifer Management (DREAM) Project application to export banked groundwater without comment. The Project will now be sent to a public hearing on April 11, 2017. President McGurk inquired if the public hearing will be during a special meeting. Mr. Buchman replied no, it will be during the regular Board of Supervisors meeting.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 03/14/17 Regular Meeting

President McGurk made the following correction to the minutes:

- Page 2, section D-3b, 1st paragraph, 1st sentence – add a “d” in the word “ads”, to read as “adds”.

Director Cortopassi made the following correction to the minutes:

- Page 1, section D-2, 1st paragraph – add “Finance Director Naray will report back to the Board with the District’s liability coverage.”

A motion was moved and seconded to approve the March 14, 2017 Regular Meeting Minutes, as amended.

Roll Call:

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

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the March 21, 2017 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

3. Business Consultant Agreements 04/01/17 – 09/30/17

a. Doyce Boesch

Manager Moody provided the Board with a handout of the revised agreement between the District and Consultant Boesch.

Director McGaughey inquired if the increase in price was Consultant Boesch's recommendation. Manager Moody replied it was decision by both Consultant Boesch and Manager Moody.

A motion was moved and seconded to approve Business Consultant Agreement with Doyce Boesch for a six-month period from April 1, 2017 through September 30, 2017.

Roll Call:

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

Nayes: None

Abstain: None

Absent: Atkins

4. Stockton East Water District – 2017 Annual Cost of Living Adjustments

Manager Moody provided the Board with information on the Fiscal Year 2017/2018 Annual Salary Adjustments. In accordance with the 2015-2020 Memorandum of Understanding (MOU) with District employees, a Cost of Living Adjustment (COLA) is based on 80% of CPI net change with a minimum increase of 2.5% and a maximum increase of 6.0%. Based on the US City Average – Urban Wage Earners and Clerical Workers Index, the COLA for employees net increase of 2.56%. Eighty percent of the increase is equal to 2.05%, which falls below the MOU minimum salary increase of 2.5%.

Director Watkins inquired if this is a different index than what is used for water rates. Accountant Vega replied yes, the water rates index is stated in the enabling legislation. This item was for information only.

5. SunEdison Purchase Power Agreement Amendment

Manager Moody provided the Board with an amendment to the SunEdison Purchase Power Agreement. Manager Moody reported SunEdison would like to reassign this project to another affiliate. The District would like to build in a performance bond into the agreement, so if the project is not completed to expectation the contractor is still liable for payment. Manager Moody reported this amended agreement is to merge the needs of both SunEdison and the District, SunEdison will be able to reassign the project to Onyx Renewable Partners L.P. (Onyx) and the District can include a performance bond.

Director Watkins inquired whom the performance bond would be with. Manager Moody replied Onyx.

Director Watkins inquired on the guarantee the District has regarding the pricing. Manager Moody replied the rates are locked in.

Manager Moody reported within the original contract there are specific pricings that they cannot go above. Director Cortopassi inquired if the performance bond also covers whoever takes the project over. Manager Moody replied yes.

Director Watkins if the contract is specifically to buy power. Manager Moody replied yes, it is a Purchase Power Agreement.

Director Watkins inquired if Onyx or SunEdison will be financing the project. Legal Counsel Zolezzi replied Onyx will be financing, but they may also have another company finance. The original agreement gives them the option to allow other companies to finance the project as long as they continue to manage the project.

Director Watkins inquired if once the project is completed the District has the ability to operate it as they want given it is on District property and the performance bond will protect us from initial construction costs. Manager Moody replied yes.

Director Watkins inquired what staff's recommendation is. Manager Moody replied staff recommends moving forward with the proposed amendment.

A motion was moved and seconded to approve the SunEdison Purchase Power Agreement Amendment.

Roll Call:

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

6. Resolution No. 16-17-16 – Authorization to Transfer Funds From Water Fund No. 46097 During Fiscal Year 2017/2018

Manager Moody provided the Board with Resolution No. 16-17-16 – Authorizing San Joaquin County Auditor Controller's Office to Make Direct Deposits (Fund No. 46097). This Resolution is required annually. Manager Moody reported this resolution speaks to a District Treasurer, however, he proposes to change the term to Finance Director.

Director Watkins reported the Board can assign Manager Moody as District Secretary and Treasurer and the resolution would not need to be revised.

Director Cortopassi inquired on the necessity of a District Treasurer. Legal Counsel Zolezzi replied she would need to research the necessity, however, the resolution can be approved without change and at the next Regular Board Meeting, a treasurer can be appointed.

Manager Moody staff will research the need for a District Treasurer and bring back information to the Board next week.

Director Watkins inquired if the exhibit provided shows all of the District's bond payments. Accountant Vega replied there is a 2005 installment purchase agreement with Citizens Bank that is a direct placement loan for the Treatment Plant.

A motion was moved and seconded to approve Resolution No. 16-17-16 – Authorizing San Joaquin County Auditor Controller's Office to Make Direct Deposits out of water Fund No. 46097 to Various Funds and to U.S. Bank for distribution to COP Series 2002A and 2002B Bondholders during Fiscal Year April 1, 2017 to March 31, 2018.

Roll Call:

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

E. COMMITTEE REPORTS

1. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 03/15/17

Fritz Buchman reported there was discussion on the Groundwater Monitoring Report, which was encouraging; the rate of decline was smaller than expected. Mr. Buchman reported there was an update provided on the Lower San Joaquin River Feasibility Study and the Smith Canal Gate Project. Mr. Buchman reported the Delta Stewardship Council is considering draft language that would amend the Delta Plan. Director Cortopassi inquired if the Commission comments on flood as well as water. President McGurk replied the Commission discusses both flood and water; flood migrates in and out of focus, however. There is interest in updating the agendas to make them more broadly involved. Director Cortopassi reported he has received concerns regarding a couple erosions downstream of Bellota; and if Public Works is responsible to fix the damages. Mr. Buchman replied Jim Stone has been fielding property owner issue calls; and is aware of the erosion issues upstream of Bellota. Mr. Buchman advised if site locations could be sent to him, he could investigate if it is a Public Works issue or not. The next meeting is scheduled for April 19, 2017.

2. Stockton East Water District Agricultural Operations Committee Meeting, 03/20/17

Directors Cortopassi, Sanguinetti, Watkins, Manager Moody, Assistant Manager Johnson, Finance Director Naray, District Engineer Lee, Administrative Services Manager Carido and Accountant Vega attended the March 20, 2017 Agricultural Operations Committee Meeting. Director Cortopassi reported Director Sanguinetti participated as the Alternate as Director Atkins was absent. Director Cortopassi reported the Committee reviewed historical information and the current budget. Director Cortopassi reported the Committee is making a recommendation to the Board for the following water rates; groundwater at \$5.12 AF, which is a \$0.06 increase; surface water at \$23 AF and domestic assessment at \$43.50, which is a \$0.50 increase. Manager Moody reported staff will be publicizing a notice for a public hearing and the water rate information will be provided to the Board at the public hearing on April 4, 2017 for consideration and approval.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 03/20/17

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 198,633 AF in storage at New Hogan Reservoir. Current releases are set at 107 cfs. There is 1,725,689 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 1,099 cfs and release to all water users are set at 1,346 cfs. The water treatment plant is currently processing 16 mgd. The City of Stockton's water treatment plant is currently processing 13 mgd.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5 and F2a-6.

3. Report on General Manager Activities (None)

G. DIRECTOR REPORTS

- 1. Delta Water Users Association Annual Membership Meeting, 03/15/17
Directors Atkins, Cortopassi, McGurk, Panizza Sanguinetti, Watkins and Manager Moody attended the March 15, 2017 Delta Water Users Association Annual Membership Meeting. Director Cortopassi reported the speakers were, Chris Neudeck of Kjeldsen Sinnock & Neudeck; Michael George, Delta Watermaster and John Herrick, Attorney for South Delta Water Agency.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

- 1. ACWA State Legislative Committee Meeting, 10:00 a.m., 03/24/17
- 2. Stockton Area Water Suppliers Meeting, 10:30 a.m., 03/27/17

J. REPORT OF THE COUNSEL

- 1. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case
- 2. Closed Session – Personnel
Government Code 54957

President McGurk adjourned the meeting to closed session at 1:19 p.m. to discuss closed session agenda items. District staff was excused from the closed session meeting at 2:16 p.m. The regular meeting reconvened at 2:46 p.m., with the following reportable action:

The President of the District Board of Directors came to the realization that their General Manager had not had a formal performance review in a while. The Board, in a closed session discussion, concluded that Scot A. Moody had earned monetary recognition for his very effective work.

The Board approved a salary adjustment (increase of \$10,000) to current annual salary for General Manager, Scot A. Moody effective March 21, 2017.

J. ADJOURNMENT

President McGurk adjourned the meeting at 2:47 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

