

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, JANUARY 19, 2016 AT 12:00 NOON

**A. PLEDGE OF ALLEGIANCE AND ROLL CALL**

Vice President McGurk called the regular meeting to order at 12:23 p.m., and led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGaughey, McGurk, Panizza and Watkins. Director Sanguinetti was absent. Also present were Manager Moody, Assistant Manager Johnson, District Engineer Lee, Finance Director Naray, Water Supply Manager Lozano, Administrative Services Manager Stephens, Accountant Vega, Administrative Assistant Lopez and Legal Counsel Zolezzi.

**B. CONSENT CALENDAR (None)**

**C. PUBLIC COMMENT (None)**

**D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS**

1. Minutes 01/12/16 Regular Meeting

A motion was moved and seconded to approve the January 12, 2016 Regular Meeting Minutes, as presented.

Roll Call:

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

2. Warrants

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

Manager Moody inquired on the expense on page 15, line item 6 for Energy Systems (E.S. Inc.) for oil & fuel filters for High Service emergency generators in the amount of \$835.20. Assistant Manager Johnson replied the expense is for the purchase of filters only. Manager Moody expressed concern regarding the cost and advised staff to retain competitive pricing to ensure the District is getting the best price on future purchases.

A motion was moved and seconded to approve the January 19, 2016 Warrants, as presented.

Roll Call:

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

Nayes: None  
Abstain: None  
Absent: Sanguinetti

3. Other Post – Employment Benefits (OPEB) Payment Options Presentation

Manager Moody provided the Board with information on Other Post-Employment Benefits (OPEB) Payment Options. Manager Moody reported the unfunded liability for OPEB is for medical coverage benefits for District retirees. This unfunded liability is currently disclosed in the Notes of the District’s Audited Financial Statements however upcoming requirements will change future reporting. Finance Director Naray explained GASB 45 addresses OPEB liabilities incurred by government entities and provided a summary of GASB 45 funding paths. Finance Director Naray also provided an overview on the Dedicated Reserve (Fund-72) and payment process currently utilized.

Accountant Vega gave an overview of the advantages of an Irrevocable Trust. These advantages include assets used from the Trust cannot be withdrawn for any other purpose; contributions offset unfunded liabilities, lowering net OPEB liability; greater return on investment compared to the Dedicated Reserve and more favorable outlook by rating agencies, creditors and investors. Accountant Vega added the Board can choose the investment strategy based on acceptable risk levels. Accountant Vega reported available providers PARS, in conjunction with U.S. Bank and Highmark Capital Management and CERBT, a division of the California Public Employees’ Retirement System (CalPERS) both offer IRS-Approved 115 OPEB Trust services and provided a summary of investment strategies and fees charged for services for both providers. Staff made the recommendation to consider contracting for Irrevocable Trust Services, pursuing the most conservative investment strategy.

Director Cortopassi conveyed his lack of confidence in CERBT to provide OPEB Trust Services as they are a division of CalPERS.

Director Watkins inquired on the District’s regular reserves and if the District should consider Trust services for District reserves. Manager Moody replied options have been discussed at staff level and advised staff will bring more options back to the Board for discussion.

4. South Well Repair – Purviance Drillers, Inc.

Manager Moody provided a handout to the Board for the North and South Well Repair. Manager Moody reported Purviance Drillers, Inc., provided job estimates for the North Well in the amount of \$985.00 and for the South Well in the amount of \$2,515.00, noting video of the well may not be needed. Manager Moody advised more information including recommendation from Purviance Drillers Inc., will follow.

5. California Farm Water Coalition – For The Election Of North Central District Member Election Ballot

Manager Moody provided the Board with the California Farm Water Coalition ballot for the election of the North Central District Member of the Board. The ballot contains candidate Joe Alamo, Director, Turlock Irrigation District and “Other” (write-in candidate can also be listed).

A motion was moved and seconded to authorize District staff to cast a vote for Joe Alamo, Director, Turlock Irrigation District on behalf of the Stockton East Water District for the California Farm Water Coalition ballot for the election of the North Central District Member of the Board.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Watkins  
Nayes: None

Abstain: None  
Absent: Sanguinetti

## **E. COMMITTEE REPORTS**

1. Eastern San Joaquin County Groundwater Banking Authority Board & Coordinating Committee Meeting, 01/13/16  
Director Panizza attended the January 13, 2016 Eastern San Joaquin County Groundwater Banking Authority Board Meeting. Director Panizza reported discussions primarily focused on preparation of a Basin boundary modification to submit to the Department of Water Resources (DWR) and Data Collection Scopes of Work for On-Call Consultants. The Board voted to approve Scopes of Work pending outcome from the Sustainable Groundwater Management Act Work Group (SGMA). Manager Moody reported SGMA Work Group advised to defer item to the technical committee for review; and, bring back to the Board in February. The next meeting is scheduled for February 10, 2016.
2. Sustainable Groundwater Management Act Work Group, 01/13/16  
Manager Moody attended the January 13, 2016 Sustainable Groundwater Management Act (SGMA) Work Group Meeting. Manager Moody provided a handout to the Board. The handout is a copy of the presentation given to the Work Group on the Initial Principles Discussion for Groundwater Sustainability Agency (GSA) Coordination within the Eastern San Joaquin Basin and Work Group discussions primarily focused on the presentation. Manager Moody reported Work Group members will meet individually regarding expectations for GSA operations and implementation. The next meeting is scheduled for February 10, 2016.

## **F. REPORT OF GENERAL MANAGER**

1. Water Supply Report as of 01/12/16  
Water Supply Manager Lozano reported there is 54,371 AF in storage at New Hogan Reservoir. Current releases are set at 10 cfs. There is 347,235 AF in storage at New Melones Reservoir. Current releases at Goodwin Dam are set at 221 cfs. The water treatment plant is currently processing 14 mgd. The City of Stockton's water treatment plant is currently processing 7.0 mgd of 100% Delta water. Water Supply Manager Lozano reported the District Wells total water extraction is 3,230 gpm (~4.71 mgd).

Water Supply Manager Lozano reported the Treatment Plant received 2.76-inches, New Hogan Reservoir received 3.00-inches and New Melones Reservoir received 1.78-inches of rain in the latest rainfall event.

Manager Moody reported staff received a report of spill over occurring along Potter Creek. Manager Moody advised staff went out to Potter Creek to investigate and did not observe overflow.

2. Information Items:  
Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5, F2a-6 and F2a-7.

Manager Moody advised the Board of a pre-meeting with ACWA Executive Director, Timothy Quinn on Friday, January, 22, 2016.

Manager Moody provided the Board with a handout from the San Joaquin Farm Bureau. Manager Moody advised the handout will be distributed with the District's 2015 Final Billing next month.

3. Report on General Manager Activities

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~~Draft~~ Approved

- a. Demonstration Recharge Extraction & Aquifer Management (DREAM) Project – Technical Advisory Committee Meeting, 01/15/16  
Assistant Manager Johnson and Engineer Lee attended the January 15, 2016 Demonstration Recharge Extraction & Aquifer Management (DREAM) Project Technical Advisory Committee Meeting. District Engineer Lee reported on the Demonstration Project progress and discussions primarily focused on revised Project costs and cuts. District Engineer Lee reported Project schedule includes environmental documentation; landowner outreach; Monitoring Plan development and export permitting. The next meeting is scheduled for February 19, 2016.

Vice President McGurk reported he will attend the January 20, 2016 ACWA Region 4 Board Meeting in Sacramento, and conflicts with the San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting. Manager Moody reported he will attend the January 20, 2016 San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting.

#### **G. DIRECTOR REPORTS**

1. Greater Stockton Chamber of Commerce Monthly Mixer – Women’s Center – Youth & Family Services, 01/14/16  
Nothing to report.

#### **H. COMMUNICATIONS (None)**

#### **I. AGENDA PLANNING/UPCOMING EVENTS**

1. ACWA Region 4 Board Meeting, 10:00 a.m., 01/20/16
2. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 01/20/16
3. ACWA State Legislative Committee Meeting, 8:00 a.m., 01/22/16

#### **J. REPORT OF THE COUNSEL**

1. Closed Session - Potential Litigation  
Government Code 54956.9 (c) – two cases

Vice President McGurk adjourned the meeting to closed session at 1:36 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:56 p.m., with no reportable action.

#### **K. ADJOURNMENT**

Vice President McGurk adjourned the meeting at 1:57 p.m.

Respectfully submitted,



Scot A. Moody  
Secretary of the Board

kml

