

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 1, 2016 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Sanguinetti called the regular meeting to order at 12:30 p.m. Administrative Assistant Lopez 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, Finance Director Naray, District Engineer Lee, Water Supply Manager Lozano, Water Treatment Plant Manager Wunderlich, Administrative Services Manager Stephens, Administrative Assistant Lopez, Consultant Barkett and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

John Lambie, a resident of Stockton introduced himself to the Board and provided a summary of his professional background; educational background and participation in professional water industry associations. Mr. Lambie expressed his attendance was to provide comments related to current District issues. Regarding the Sustainable Groundwater Management Act (SGMA), Mr. Lambie commented the Department of Water Resources (DWR) has very low expectations for this region (knowledge from multiple sources). The DWR considers this region dysfunctional and is watching very closely and carefully; and, feel this is one of the Basins most likely to achieve probationary status early. The District's political wrangling for Groundwater Sustainable Agency (GSA) oversight is a challenge that all have to sort out and political tensions with the City of Stockton are not helpful. Mr. Lambie commented that a GSA structure is not going to get the District anywhere substantive with SGMA compliance. The real issue is that the Eastern San Joaquin Groundwater Basin continues to be in overdraft. The party line being offered by the Groundwater Banking Authority (GBA) to DWR "the Groundwater Basin is in balance" is not convincing anyone – the data simply does not support that position. SGMA a result of regulation is a law that will require triggers and actions. Mr. Lambie also expressed the District needs to get out in front of this, with strategies and tactics used in the workplace Mr. Lambie's interest is security of the District's domestic water supply and that for our growers, as it will ultimately affect his property value. Mr. Lambie concluded his comments by thanking the Board for their time.

Director Cortopassi inquired on the identity of the speaker. Manager Moody replied John Lambie (E-Pur) has provided services to the District for the Bozzano property in the past. President Sanguinetti thanked Mr. Lambie.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 02/23/16 Regular Meeting

A motion was moved and seconded to approve the February 23, 2016 Regular Meeting Minutes, as presented.

Roll Call:

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

Nayes: None
Abstain: None
Absent: None

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. Summary
- g. Short Names/Acronym List
- h. SEWD Vehicles & Heavy Equipment

Director Atkins inquired on the expense on page 14, line item 31 for Northstar Chemical (aluminum chlorohydate). Water Treatment Plant Manager Wunderlich replied the aluminum chlorohydate chemical was tested and results were good. Water Treatment Plant Manager Wunderlich reported using this chemical also provides a cost savings because a smaller amount of chemical is needed and saves on the demand of both alum & caustic soda.

Director Cortopassi inquired on the expense on page 5 line items 5 through 8 for the Bank of Stockton for principal and interest payments for the Bozzano property. Finance Director Naray replied the expenses represent payments for March and April 2016 and noted April payments were booked as prepaid. Director Cortopassi suggested negotiating contracted payments to be in accordance with the District's Fiscal Year.

Director Cortopassi inquired on the expense on page 14, line item 48 for Valley Forklift for monthly rental in the amount of \$1,975.50. Manager Moody confirmed the District continues to rent this equipment due to a major mechanical problem with the District's existing forklift. Director Cortopassi inquired on the rental cost and conveyed it was expensive. Manager Moody replied staff obtained additional quotes from vendors and advised he will re-look into rental pricing.

A motion was moved and seconded to approve the March 1, 2016 Warrants, as presented.

Roll Call:

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

3. PAX Water Technologies – THM Removal System Presentation

Manager Moody provided the Board with information on PAX Water Technologies THM Removal System. Mr. Peter Fiske, Chief Executive Officer (CEO), PAX Water Technologies gave a presentation to the Board on In-Tank Aeration for THM Reduction: Achieving Energy and Design Considerations for Stockton East Water District's 10 MG Finished Water Reservoir. Mr. Fiske provided a summary of the different in-tank aeration technologies: bubble; surface and spray and the effectiveness of THM removal by each. Mr. Fiske reported the overall design was based upon use of the District's existing assets with in-tank aeration technologies to provide a Trihalomethane Removal System (TRS), a fully installed solution customized for our tank with a performance guarantee. Mr. Fiske recommended a TRS that has a spray aeration system and air handling system

with closed-loop energy optimization. Mr. Fiske fielded questions from the Board regarding the concept and the recommended in-tank aeration design. Mr. Fiske thanked the Board and advised he was available for questions any time. President Sanguinetti thanked Mr. Fiske for the presentation.

4. Stockton East Water District – 2016 Annual Cost of Living Adjustments

Manager Moody provided the Board with information on the Fiscal Year 2016/2017 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 1.16%. Eighty percent of the increase is equal to 0.93% which falls below the MOU minimum salary increase of 2.5%. This was an informational item only.

5. Smoke Free Workplace Policy

Manager Moody provided the Board with the revised Smoke Free Workplace Policy. Manager Moody reported the draft policy will replace current policy with updating policy language to include vapor products; electronic cigarettes (E-cigarettes) and amending the designated outdoor smoking areas to at least 25 feet (previously 20 feet) from any building entrances, exists and windows.

A motion was made and seconded to approve the revised Stockton East Water District Smoke Free Workplace Policy, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

6. North & South Well Rehabilitation Update

Assistant Manager Johnson provided the Board with a status update regarding the North & South Wells. Assistant Manager Johnson reported Dan Purviance has provided a cost estimate in the amount of ~\$18,000 to install open bowels and this information will be provided to the Board at the next Board Meeting. Staff received the Urban Contractor's comments regarding the Wells. Assistant Manager Johnson reported comments included installing open bowls; drilling a new well, how a new well would be paid and abandoning the South well.

Director Watkins inquired on the location and drilling of a new Well; and, abandoning the South well. Assistant Manager Johnson replied drilling a new Well in a location near the existing South Well would enable use of the power source that was installed to supply power to the South Well 100 horse-power pump. Assistant Manager Johnson added the power source can support 400 amp. Manager Moody advised future planning will center on the schedule and availability of Purviance Drillers, Inc.

Director Cortopassi conveyed the Board has had extensive discussion regarding the different Well options and clarified the importance and need for blending because it is the District's main responsibility to provide treated water. Director Cortopassi voiced the District needs these Wells in order to be able to provide the quality of water required.

Director Watkins expressed the importance of operating the Groundwater Recharge Ponds to avoid a repeat of the 1970's when area wells went dry.

E. COMMITTEE REPORTS

1. Sustainable Groundwater Management Act Workgroup AD HOC Technical Review Committee Meeting, 02/24/16

District Engineer Lee attended the February 24, 2016 Sustainable Groundwater Management Act Workgroup AD HOC Technical Review Committee Meeting. District Engineer Lee reported the Department of Water Resources (DWR) and the majority of the SGMA Work Group members were in attendance. Discussion primarily focused on the Groundwater Sustainability Plan (GSP) components and draft regulation published on February 18, 2016. District Engineer Lee reported all attendees were encouraged to review the draft regulations and submit comments before the comment period closes on March 25, 2016. DWR reported staff is available to provide GSP assistance; however, they will not “preview” any GSPs. Additionally DWR reported they will communicate with one (1) coordinating agency per Basin. Manager Moody added the entity that will maintain the GSP and data will most likely be the main point of contact (face of the Basin) and the entity in communication with DWR.

Director Panizza expressed San Joaquin County spans three (3) Basins and inquired on the coordinating agency in this situation. District Engineer Lee replied it will probably be the County and added SJC has requested Basin modification of the Cosumnes Basin.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 02/23/16

Water Supply Manager Lozano reported there is 81,372 AF in storage at New Hogan Reservoir. Current releases are set at 20 cfs. There is 458,704 AF in storage at New Melones Reservoir. Current releases at Goodwin Dam are set at 200 cfs. The water treatment plant is currently processing 16 mgd. The City of Stockton’s water treatment plant is currently offline. Water Supply Manager Lozano reported the District Wells total water extraction is 4,752 gpm (~6.89 mgd).

Director McGaughey inquired on the City of Stockton’s offline status. Regina Rubier replied the Delta Water Supply Treatment Plant is offline due to maintenance in preparation of changing from Delta water supply to Woodbridge Irrigation District water supply.

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.

3. Report on General Manager Activities

- a. ACWA State Legislative Committee Meeting, 02/26/16

Manager Moody attended the February 26, 2016 ACWA State Legislative Committee Meeting. Manager Moody provided a handout to the Board on Assembly Bill 1713 (Eggman) – Sacramento-San Joaquin Delta: Peripheral Canal. Manager Moody reported the Bill passed through the SLC without discussion and noted the California Special District Association (CSDA) Legislative Committee voted to take a “watch” position because of the division between northern and southern state interests. An update on Sustainable Groundwater Management Act (SGMA) and Groundwater Sustainability Plans (GSPs) were provided. Manager Moody reported Assembly Bill 1661 (Gonzalez and McCarty) – Local government: Sexual Harassment Training and Education would require all staff and Board members to receive sexual harassment training within the first six (6) months of taking office or commencing employment. The next meeting is scheduled for March 18, 2016.

- b. California Special Districts Association Legislative Committee Meeting, 02/26/16
Assistant Manager Johnson attended the February 26, 2016 California Special Districts Association (CSDA) Legislative Committee Meeting. Assistant Manager Johnson reported CSDA took a “watch” position on Assembly Bill 1757 (Waldron) – Local Government Finance and no position on Assembly Bill 1661 (Gonzalez and McCarty) – Local government: Sexual Harassment Training and Education. CSDA staff recommended “oppose” of Senate Bill 885 (Wolk) – Construction contracts: indemnity; Senate Bill 954 (Hertzberg) – Public works: prevailing wage: per diem wages and Senate Bill 1170 (Wieckowski) – Public contracts: water pollution prevention plans: delegation.

Assistant Manager Johnson reported discussion focused on Assembly Bill 1713 (Eggman) – Sacramento-San Joaquin Delta: Peripheral Canal and the Committee took a “watch” position on this Bill. Manager Moody added CSDA viewpoints were conveyed on behalf of southern California interests who expressed the Project is not a state funded Project which should not be voted upon by the people. The next meeting is scheduled for April 1, 2016.

- c. Central Valley Project Water Users Association (Central Valley Project Water Rates)
Conference call, 02/25/16

Manager Moody provided the Board with an update on the Central Valley Project Water Users Association (Central Valley Project Water Rates). Manager Moody reported staff spoke with Larry Bauman who previously retired from the USBR Rate-Setting Department. Mr. Bauman is familiar with the District’s situation and recommended the District utilize him for assistance with rate-setting efforts instead of hiring a Consultant. Mr. Bauman inquired how many years the USBR is going back, to reconcile costs.

Finance Director Naray reported he confirmed the USBR definition of “taking water” is not based on availability (and if not taken) not having to pay O&M charges. However, by doing this, it will effect capital costs that will roll into the following years rates. Director Watkins inquired on the audit that identified USBR’s error of not capturing the incurred costs and suggested working with the District’s Legislative Representatives to help resolve this issue. Manager Moody replied this was a good idea and will look into this further.

G. DIRECTOR REPORTS

Director McGurk reported participating in the March 2, 2016 ACWA Region 4 Board Conference Call and inquired if the Board had any items to bring to the attention of the Region 4 Board. Manager Moody conveyed addressing the February 26, 2016 State Legislative Committee Meeting process regarding Assembly Bill 1713 (Eggman) – Sacramento-San Joaquin Delta: Peripheral Canal, specifically why northern entities did not provide any comments regarding this Legislation.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. ACWA Region 4 Conference Call (Board of Directors Strategic Business Plan Workshop),
03/02/16
2. San Joaquin County Agricultural Drought Task Force Meeting, 9:00 a.m., 03/02/16
3. Greater Stockton Chamber of Commerce Monthly Mixer – Midtown Optometry, 5:15 p.m.,
03/03/16

Board Meeting – 03/01/16

A. REPORT OF THE COUNSEL

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

President Sanguinetti adjourned the meeting to closed session at 2:18 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:34 p.m., with no reportable action.

B. ADJOURNMENT

President Sanguinetti adjourned the meeting at 2:35 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

kml

