

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 29, 2016 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Sanguinetti called the regular meeting to order at 12:25 p.m. Director McGaughey 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, Administrative Services Manager Stephens, Administrative Assistant Lopez and Legal Counsel Harrigfeld.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

District customer Ellen McFall expressed her concern regarding the continuous pumping of Extraction Well No. 1 and inquired on the District installing four (4) new wells. President Sanguinetti replied the District is not installing four (4) new wells and clarified two (2) existing Wells require rehabilitation and one (1) new well will be drilled. Ms. McFall inquired why the District is drilling a new well. Manager Moody replied drilling a new well will replace two (2) of the existing wells.

Ms. McFall conveyed her continued concern and inquired when Extraction Well No. 1 will stop pumping. Manager Moody replied this is not known; however, the District is considering the option of purchasing transfer water.

Ms. McFall inquired if the District will continue to use surface water supply from the Reservoirs. President Sanguinetti explained due to the dry weather and the poor water quality of the water supply from New Hogan Reservoir, the District had to supplement its water supply with groundwater from the District's wells. Legal Counsel Zolezzi conveyed it is important to note that the water being extracted from the ground is surface water from the Reservoirs which was used to recharge the groundwater. Ms. McFall inquired on the amount of water that has been recharged into the ground. Manager Moody replied the District will provide this information.

Ms. McFall thanked the Board for their time.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 03/22/16 Regular Meeting

A motion was moved and seconded to approve the March 22, 2016 Regular Meeting Minutes, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti Watkins
Nays: 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. Payroll
 - g. Summary
 - h. Short Names/Acronym List
 - i. SEWD Vehicles & Heavy Equipment

Director McGurk inquired on the expense and descriptions on page 15, line items 3 & 4 for Citizens Business Bank bi-annual interest in the amount of \$89,787.62 and bi-annual principal in the amount of \$171,745.41 for the 2005 Installment Purchase Agreement. Finance Director Naray replied interest is on a graduated schedule; therefore, more interest is paid up-front and decreases over time. Finance Director Naray commented the expense is for the Certificates of Participation (COP) on the 2005 Installment Purchase Agreement in the amount of ~\$10 million for the Treatment Plant Sedimentation Basin. Director McGurk advised the description's term should be changed from bi-annually to semi-annually.

Director Atkins inquired on the expense on page 9, line items 2 & 18 for Blackbaud and Maintenance Connection Inc., for software support. Manager Moody replied the two vendors provide different software support to the District. Assistant Manager Johnson added the software had to be upgraded as a result of the server migration/upgrade. Director Cortopassi inquired if these two technologies are annual costs. Assistant Manager Johnson replied no, only software licenses are annual charges.

Director Panizza inquired on the expense on page 16, line 38 for Valley Forklift and if the District has entered into a long-term agreement for forklift equipment rental. Manager Moody replied, per Board direction, the existing forklift will be utilized until it stops running then a new piece of equipment will be purchased. The rental equipment will be returned.

A motion was moved and seconded to approve the March 29, 2016 Warrants, as presented

Roll Call:

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

3. 2016/2017 Chemical Services Bid Results

Manager Moody presented the 2016 Chemical Services Bid results to the Board. Assistant Manager Johnson reported staff is piloting the increase of use of the PAX-XL8 chemical for TOC reduction efforts.

A motion was moved and seconded to award the chemical bids to Chemtrade Solutions in the amount of \$394.72/dry ton for Liquid Alum; Polydyne, Inc. in the amount of \$640/liquid ton for Cationic Polymer; Univar USA in the amount of \$476.66/dry ton for Caustic Soda; Calchem in the amount of \$714/liquid ton for PAC-XL8; and JCI Jones in the amount of \$700/dry ton for Chlorine.

Roll Call:

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

4. Granulated Activated Carbon (GAC) Replacement Bid Results

Manager Moody provided the Board with information on the Granulated Activated Carbon (GAC) Replacement Bid Results. Assistant Manager Johnson reported, per Board direction in January, staff issued a Request for Proposal (RFP) on March 4, 2016. The RFP Technical Specifications used AWWA standards for specifying carbon and carbon documentation on the segregation process. Assistant Manager Johnson reported the expense for the purchase of virgin carbon for four (4) is \$435,032. The expenses for the first 2-years is \$870,064 and \$518,512 for the next 2-years; adding, the last two years will provide the most cost savings. Assistant Manager Johnson reported the Term of Agreement is for one (1) year and allows the option for nine (9) annual extensions for a total contract duration not to exceed ten (10) years. Director Watkins inquired on the carbon being removed and replaced during the first years; and, if the carbon can be regenerated. Assistant Manager Johnson replied not reusing this carbon is due to its unknown origination and history of previous carbon issues. Assistant Manager Johnson added the Agreement also provides for replacement of carbon losses.

A motion was moved and seconded to procure the services of Calgon Carbon Corporation for the Granular Activated Carbon (GAC) Replacement in the contract amount of \$435,032.00 for the Agreement Term of one (1) year, with the option for nine (9) annual extensions, for the total contract duration not to exceed ten (10) years.

Roll Call:

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

5. North & South Well Rehabilitation Update (Purviance Drillers, Inc. Estimates)

Manager Moody provided the Board with information on the North & South Well Rehabilitation from Purviance Drillers, Inc. Manager Moody added there are two (2) estimates for two (2) wells and noted the price difference between the 2 estimates. Assistant Manager Johnson reported the estimates give two (2) options for bowl assembly in the amount of \$7,718.00 or for lighter construction in the amount of \$4,298.00 (a savings of ~\$3,420.00). Director Watkins inquired if the District owned 150 horse-power electric motors are insufficient for use; adding, staff was to research and report back on their efficiency and also inquire on the installation of new tube & shaft in the amount of \$3,820.25. Assistant Manager Johnson replied Dan Purviance did not recommend use of the existing tube & shaft. Director Watkins suggested going with the higher estimate (new tube, shaft and bowl) pending staff research on the use of the electric motors. Discussion followed regarding use of the electric motors (from the 74 Wells).

Staff was advised to inquire with Purviance Drillers Inc., regarding installation of new tube and shaft as listed on the Job Estimates dated February 24, 2016 for the North & South Wells and bring back to the Board next week. Staff was also advised to research the potential use of the District owned 150 horse-power motors.

6. California Farm Water Coalition Request For Support

Manager Moody provided the Board with information on the California Farm Water Coalition Request for Support. Manager Moody reported 2016 membership contribution requested is ~\$7,379.00; noting last year the District paid ~\$4,919.00. Mike Henry, California Farm Water Coalition Executive Director provided an explanation to the Board regarding the discrepancy in the amount of membership dues. Mr. Henry reported membership bills generated are based on irrigated acres billed at \$0.15 per/acre. Mr. Henry commented due to drought, some Districts have lessened irrigation ;therefore, their dues will be lower; and, also conveyed dues billed this year are on assumption on last year usage. Mr. Henry thanked the District and expressed appreciation of the District’s partnership from years past.

Director Panizza inquired if coverage for the increase for the California Farm Water Coalition membership is an expense included in the Fiscal Year 2016/2017 Budget; and, if staff has identified what Fund will be used. Manager Moody replied the coverage will come from the AG Budget.

A motion was moved and seconded to authorize payment to the California Farm Water Coalition in the requested contribution amount of \$7,379.00 for 2016 Membership Dues.

Roll Call:

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

7. 2016 Irrigation Season – New Hogan System Operations

Manager Moody provided the Board with draft 2016 Irrigation Season – New Hogan System Operations Notice to irrigators. Manager Moody reported the letter has not been sent to irrigators and explained staff has submitted a variance request to the Central Valley Flood Protection Board for early dam installation; however, approval has not yet been provided. Administrative Services Manager Stephens added the District should receive notice regarding variance request soon.

Manager Moody inquired with the Board on the date to be indicated in the letter once the District’s variance request is approved. President Sanguinetti advised using a date staff is comfortable with considering 10-days are required for installation of the dams. Water Supply Manager Lozano added approval of a variance for early installation of McGurk’s earth-dam is also needed and staff requires one (1) day to complete this work.

Director Cortopassi inquired on providing water supply to Potter Creek. Water Supply Manager Lozano replied if there is New Melones water supply, Bellota is used to facilitate the supply.

President Sanguinetti advised staff begin installation of dams once variance approval is received; and, complete installation work on McGurk’s earth dam as appropriate.

E. COMMITTEE REPORTS

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 03/22/16

Directors Sanguinetti and Watkins and Manager Moody attended the March 22, 2016 San Joaquin Farm Bureau Federation Water Committee Meeting. Julianne Phillips, San Joaquin Farm Bureau Federation reported discussions primarily focused on Sustainable Groundwater Management Act

(SGMA) status; San Joaquin County presentation on the formation of a Groundwater Sustainable Agency (GSA) and providing comments to the Department of Water Resources (DWR) on the Groundwater Sustainability Plan (GSP) draft regulations. Ms. Phillips reported additional discussion items were updates on Legislation and the San Joaquin County & Delta Water Quality Coalition. The next meeting is scheduled for April 26, 2016.

2. AD HOC Technical Review Committee Meeting for the Sustainable Groundwater Management Act Work Group, 03/23/16
District Engineer Lee attended the March 23, 2016 AD HOC Technical Review Committee Meeting for the Sustainable Groundwater Management Act Work Group. District Engineer Lee reported discussion primarily focused on the Groundwater Sustainability Plan (GSP), specifically data to develop the model for the GSP and providing comments on the GSP's draft regulations. District Engineer Lee reported the Committee's analysis include support of some items regarding substantial compliance; however, overall regulations are too prescriptive for the Eastern San Joaquin Basin. The next meeting is scheduled for April 27, 2016.
3. Pre-ACWA Board of Directors Conference Call (Region 4), 03/23/16
Nothing to report.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 03/22/16
Water Supply Manager Lozano reported there is 136,112 AF in storage at New Hogan Reservoir. Current releases are set at 20 cfs. There is 603,557 AF in storage at New Melones Reservoir. Current releases at Goodwin Dam are set at 206 cfs. The water treatment plant is currently processing 18 mgd. The City of Stockton's water treatment plant is currently processing 15 mgd of 100% Woodbridge Irrigation District water. Water Supply Manager Lozano reported the District Wells total water extraction is 4,735 gpm (~ 6.86 mgd).
2. Information Items:
Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5, F2a-6, F2a-7, F2a-8, F2a-9, F2a-10 and F2a-11.
3. Report on General Manager Activities (None)

G. DIRECTOR REPORTS

Director McGaughey inquired what will happen if the City of Stockton Council votes against raising water rates at the March 29, 2016 City Council Meeting. Manager Moody replied the City's Bonds used to finance the City of Stockton's water treatment plant require a debt ratio. Regina Rubier affirmed Manager Moody's comment adding the Bond Holders can pull their funding and require payment immediately. Ms. Rubier gave a report to the Board on the March 26, 2016 City of Stockton City Council Special Meeting held at the Bob Hope Theatre. Ms. Rubier reported presentations on the rate increase and chloramine use were provided and ~138 were in attendance to include staff and City Council.

H. COMMUNICATIONS

1. East Bay Municipal Utility District 2014/2015 Biennial Report (Water-Rising to the Challenge)

Manager Moody provided the Board with information regarding the East Bay Municipal Utility District 2014/2015 Biennial Report (Water-Rising to the Challenge). This item was for information only.

2. South San Joaquin Irrigation District/Oakdale Irrigation District Fisheries Management Policies
Manager Moody provided the Board with information on the South San Joaquin Irrigation District/Oakdale Irrigation District Fisheries Management Policies. This item was for information only.

I. AGENDA PLANNING/UPCOMING EVENTS

1. Eastern Water Alliance Meeting, 12:00 p.m., 03/30/16
2. San Joaquin Council of Governments One-Voice Pre-Trip Meeting, 1:00 p.m., 04/04/16

J. REPORT OF THE COUNSEL

1. Closed Session - Real Property Negotiations
Government Code 54956.8
2. Closed Session - Potential Litigation
Government Code 54956.9 (c) – two cases
3. Closed Session – Personnel
Government Code 54957

President Sanguinetti adjourned the meeting to closed session at 1:34 p.m. to discuss closed session agenda items. District staff, with the exception of Manager Moody, was excused from the Closed Session Meeting at 2:32 p.m. The regular meeting reconvened at 2:54 p.m., with no reportable action.

K. ADJOURNMENT

President Sanguinetti adjourned the meeting at 2:55 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

kml

