

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, APRIL 12, 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 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, Finance Director Naray, District Engineer Lee, Water Supply Manager Lozano, Administrative Services Manager Stephens, Administrative Assistant Lopez and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 04/05/16 Regular Meeting

Director McGurk made the following corrections to the minutes:

- Page 4, section E-1, 1st paragraph, 2nd sentence – strike “Bob” and replace with “Dave”.
- Page 4, section E-1, 1st paragraph, 3rd sentence – strike “Tom Flinn, San Joaquin County” and replace with “Tom Flinn, (NSJWCD)”.
- Page 4, section E-1, 1st paragraph, 4th sentence – strike “Director McGurk reported Legal Counsel” and replace with “Director McGurk reported that Legal Counsel”.

A motion was moved and seconded to approve the April 5, 2016 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 70 – Administration Fund
- b. Fund 71 – Water Supply Fund
- c. Fund 91 – Vehicle Fund
- d. Fund 94 – Municipal & Industrial Fund
- e. Summary
- f. Short Names/Acronym List
- g. SEWD Vehicles & Heavy Equipment

Director McGurk inquired on the expense on page 8, line items 26 & 27 for Platt Electric Supply Inc., for software licenses. Finance Director Naray replied the expense represents purchase of new video security software licenses and renewal.

Director Atkins inquired on the expense on page 9, line items 9, 10 & 11 for Holt of California dump truck rental for the Lower Farmington Canal (LFC) clean-up. Manager Moody replied staff utilized the District's dump truck including additional rental equipment which was required to facilitate the amount of cleanup performed along the LFC. Manager Moody noted canal clean-up was included as an item of the LFC Rehabilitation Project Modified Scope of Work previously approved by the Board.

Director Atkins inquired on the expense on page 11, line item 2 for Autozone Stores Inc., for oil and diesel exhaust fluid. Manager Moody reported staff researched diesel exhaust fluid and it was determined purchasing this item in bulk was not cost effective because exhaust fluid has a shelf life and the District does not use much of this supply.

Director Atkins inquired on the expense on page 9, line item 17 for Southwest Valves, LLC for a butterfly valve replacement. Water Supply Manager Lozano replied the original valve is made by Keystone and it is the last remaining valve from this manufacturer. Keystone valves have had many problems over the years, including freezing.

Director Atkins inquired on the expense on page 13, line item 10 for Crop Production Services Inc., for pesticide purchase for the water treatment plant. Finance Director Naray replied the expense was for the purchase of 60 gallons of Roundup at a cost of \$16.00/gallon. Staff was advised to edit the description to reflect "Roundup" and not "pesticide".

President Sanguinetti inquired on the expenses on page 13, line items 17 – 24 for Fresno Oxygen for welding supplies. Manager Moody replied staff recently rebuilt a new welding trailer to replace the one that was stolen while in the shop for repairs.

A motion was moved and seconded to approve the April 12, 2016 Warrants, as amended.

Roll Call:

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

3. Rule No. 168 – Rate Equalization – Calendar Year 2016
Manager Moody provided the Board with Rule No. 168 Rate Equalization – Calendar Year 2016. Manager Moody reported the rate equalization is driven by the Budget and the Board must annually adopt a Rule establishing the rate equalization.

A motion was moved and seconded to adopt Rule No. 168 Rate Equalization-Calendar Year 2016 in the amount of \$329.98/AF.

Roll Call:

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

4. Resolution No. 16-17-02 – Regarding Long-Term Water Conservation and Management Policy in California

Manager Moody provided the Board with Resolution No. 16-17-02 – Regarding Long-Term Water Conservation and Management Policy in California. Manager Moody reported ACWA requested “call to action” in support of a Long-Term Water Conservation and Management Policy due to the State Water Resources Control Board (SWRCB) expressing interest pursuing permanent regulations in the near future that could affect the ability of local agencies to determine appropriate water management strategies at the local level. Manager Moody advised this Legislation may pass if Governor Brown enacts his emergency powers to enforce or if language passes through as a Trailer Bill. Manager Moody commented District Engineer Lee suggested adding “local control” to the outreach letter and final paragraph of the Resolution. Manager Moody requested the Board approve the Resolution and outreach letter, with the proposed changes.

A motion was moved and seconded to adopt Resolution No. 16-17-02 – Regarding Long-Term Water Conservation and Management Policy in California, as amended. Additionally, staff was directed to mail a separate letter to Assembly Member Susan Eggman.

Roll Call:

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

5. Network Design Services

Manager Moody provided the Board with information on Network Design Services. Assistant Manager Johnson reported the last remaining IT infrastructure component to be up-graded is the IT Network as identified in the District’s IT/SCADA Master Plan conducted by Kennedy/Jenks. Assistant Manager Johnson conveyed the IT Network upgrade is unlike other components and requires a system design that considers: media (copper cable, fiber optics and microwave radio); assignments (IP addresses, ports, domains, etc.); functions (data center, SCADA interface, intranet, internet, video and phones); performance (speed, reliability, recovery, security, etc.) and applications (Financial Edge, MS Office, Maintenance Connection, SCADA, etc.). Assistant Manager Johnson added these components were put together over the years; but, never put together in a “design”. Request for Proposals for Network Design Services was distributed and due March 25, 2016. The District received two (2) Proposals from *allconnected, Inc.* and VERVE Networks (VERVE). The Proposals were evaluated by staff based on the consultant’s experience; personnel; qualifications assigned to the Project; references; schedule and reasonableness of proposed hours (without regard to Cost Proposals); noting, *allconnected, Inc.* addressed design and showed real approach to developing. Assistant Manager Johnson explained post evaluation the Cost Proposals were opened compared the *allconnected, Inc.* Proposal (for ~428 total proposed hours) in the amount of \$103,840 and the VERVE Proposal (for ~412 total proposed hours) to the amount of \$68,614. The Budget for Technology Services in Fiscal Year 2016-2017 is ~\$200,000 including \$65,000 for IT Support Services and \$125,000 for Network Design Services. The Budget for Network Upgrades is ~\$75,000 and is intended for equipment purchases and installation identified in the Network Design. Assistant Manager Johnson reported staff is recommending award to *allconnected, Inc.* for Network Design Services in the amount of \$103,840, as the amount is well within the Budget and allows for additional network equipment and installation if needed. Assistant Manager Johnson also noted the District’s current IT vendor is good at responding but felt the District needs a systemic approach to the network design.

Director McGurk inquired on the VERVE Networks expense as listed in the warrants on page 8, line items 41 – 43. Assistant Manager Johnson replied VERVE currently provides the District’s IT support services at a bill rate of \$3,350.00/month; adding, this is a budgeted expense within the IT Support Services \$65,000 Budget. Director McGurk inquired on expenses in the future due to “add-ons” increasing; and, expressed his feelings to the Board regarding this vendor.

Director Cortopassi inquired if installation and configuration expenses were expected post discovery stemming from the Network Design. Assistant Manager Johnson replied we are assuming in-house staff would complete the work. Expenses for maintenance tools to enable network monitoring will be needed, in the future.

A motion was moved and seconded to procure the services of *allconnected, Inc.* for Network Design Services (for ~428 total proposed hours) in the amount of \$103,840.

Roll Call:

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

6. Solids Removal Project (Informational Only)

Manager Moody provided the Board with information on the Solids Removal Project. Manager Moody reported this item is for information only adding the County could be an option for removal of these materials. Director Atkins inquired if anyone has expressed interest in the solids. Manager Moody replied staff has researched other industries for use of the solids; however, due to its composition it is not ideal for construction.

Assistant Manager Johnson reported there is an estimated 47,000 tons of solids currently stockpiled. Staff evaluated current use and solids produced annually which is ~3,600 tons. Republic Services has advised they can accept the entire stockpile at the Forward landfill for a cost of \$810,000 and ~\$55,000/annually. Staff analyzed loading and hauling costs by separating annual accumulation from the ~47,000 currently stockpiled and found it would require ~2 – 8 years; respectively, assuming removal by 2 trucks and accounting for rental and fuel costs. Assistant Manager Johnson reported that loading and hauling by staff will cost ~\$177,000 or ~\$230,000 if the District hired an outside vendor; noting, ~\$370,000 is budgeted for this Project.

Director Watkins inquired if the District were to use staff are the employee salaries included in the removal cost. Assistant Manager Johnson replied no.

Assistant Manager Johnson commented staff could work on removal efforts when it is slow; adding 2-months was a reasonable length of time to dedicate to this task. Director McGaughey commented on the unknown costs in 5-years and the ability for costs to increase; adding her opinion to hire an outside vendor to get the removal complete. Director McGurk inquired on the aspect of environmental protection regarding the solids. Assistant Manager Johnson replied ~90-95% of Water Treatment Plants dispose of this material in landfills.

Director Cortopassi suggested staff research the costs for a trucking company to load and haul away. Additionally, Director Cortopassi suggested staff research soil compaction and if solids can

be used to build berms. Manager Moody advised staff has completed this research; and, will provide results to the Board. This item was for information only.

E. COMMITTEE REPORTS

1. Eastern Water Alliance Meeting, 04/07/16

Directors McGurk, Sanguinetti, Watkins, and Manager Moody attended the April 7, 2016 Eastern Water Alliance (EWA) Meeting. Director McGurk reported discussion primarily focused on how the 5% loss factor would be applied. Legal Counsel Jennifer Spaletta, North San Joaquin Water Conservation District (NSJWCD) presented handouts to the Alliance of the two options regarding 5% loss: Option 1 –DREAM Project group 5% loss applied to East Bay Municipal Utilities District's (EBMUD's) 50% after the first year of recharge and Option 2 – EBMUD 5% loss applied to their 50% after five years because they would like more time than one year. Director McGurk reported a motion was approved selecting Option 1: 5% loss applied to EBMUD's 50% after first year of recharge and move ahead with the Project; and, include Option 1 graph in revision 7 of the permit application.

Director Watkins clarified in order for the export permit to be approved the Groundwater Export Ordinance in place accounts for 5% loss; and, the Project would have to comply with the Groundwater Export Ordinance requirement. Director Watkins added the Alliance is not delegating their authority for any other Projects except for the DREAM Project. President Sanguinetti commented on the 5% loss discussions and expressed 5% is key.

Director Watkins commented the DREAM Project modeled from a Kern County Project (and Beckman Test Project), and expressed the cost for the wet and dry year water should be determined.

2. San Joaquin County & Delta Water Quality Coalition Meeting, 04/11/16

Director Atkins attended the April 11, 2016 San Joaquin County & Delta Water Quality Coalition meeting. Director Atkins reported Ruth Mulrooney was the meeting Chair and gave Financial and Membership Reports. Director Atkins noted the Program Manager's Report included dissolved oxygen problems continue and Grower Nitrogen Management Plans will be available online. Director Atkins also reported on domestic well nitrate testing in the near future. The Coalition has received ~50% of the Farm Evaluation Plans due by June 15, 2016. Director Cortopassi inquired on the Nitrogen Management Plans. Director Atkins replied additional testing is only required in high vulnerability areas. The next meeting is scheduled for May 9, 2016.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 04/05/16

Water Supply Manager Lozano reported there is 139,430 AF in storage at New Hogan Reservoir. Current releases are set at 360 cfs. There is 631,059 AF in storage at New Melones Reservoir. Current releases at Goodwin Dam are set at 442 cfs. The water treatment plant is currently processing 19 mgd. The City of Stockton's water treatment plant is currently processing 17 mgd of 100% Woodbridge Irrigation District water. Water Supply Manager Lozano reported the District Wells total water extraction is 4,756 gpm (~6.89 mgd).

Water Supply Manager Lozano reported the Treatment Plant received 1.71-inches, New Hogan Reservoir received 1.77-inches and New Melones Reservoir received 2.08-inches of rain in the latest rainfall event.

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. San Joaquin County Agricultural Drought Task Force Meeting, 04/06/16

Manager Moody attended the April 6, 2016 San Joaquin County Agricultural Drought Task Force Meeting. Manager Moody reported no information to report from the meeting. The next meeting is scheduled for May 4, 2016.

b. ACWA State Legislative Committee Meeting, 04/08/16

Manager Moody attended the April 8, 2016 ACWA State Legislative Committee (SLC) Meeting. Manager Moody reported during the April 6, 2016 Regions 2 & 4 conference call Districts conveyed “opposing” Senate Bill 1317 (Wolk) – Conditional Use Permit: Groundwater Extraction Facility and was agreed by all. Manager Moody reported when ACWA takes stand to “oppose” Legislation staff then sends correspondence to the Legislator explaining opposition. Discussions primarily focused on public goods charge and the upcoming May 17, 2016 State Water Resource Control Board announcement regarding conservation standards (Agenda Item: D-4 – Outreach regarding Long-Term Water Conservation and Management Policy in California). Manager Moody added the Department of Water Resources (DWR) has received comments with an overwhelming number of complaints regarding the Groundwater Sustainability Plan (GSP) components and draft regulation published on February 18, 2016. The next meeting is scheduled for April 29, 2016.

c. Water Treatment Plant Tour with Gustavo Medina (Candidate/ District 1 Supervisor), 04/08/16

Directors Atkins and Sanguinetti, Manager Moody attended the April 8, 2016 Treatment Plant Tour with Gustavo Medina. Manager Moody reported Water Treatment Plant Manager Wunderlich provided the tour and gave a good explanation of the processes. The tour lasted ~2 hours and consisted of the Recharge Ponds; Low Lift; Water Treatment Plant Filters and ended in the Laboratory. Manager Moody advised on recent discussion to provide the District’s local Legislators and Supervisors tours of the New Melones and New Hogan Systems, which would require an entire day, in order to see how the entire system works.

President Sanguinetti commented the Directors traveling to Washington D.C., to participate in the upcoming 2016 San Joaquin Council of Governments One-Voice Trip will be leaving April 16, 2016 – April 21, 2016; and, advised it would be in the best interest to cancel the next Regular Board Meeting scheduled for April 19, 2016. The Board agreed; and, staff was advised to send a meeting cancellation notice for the April 19, 2016 Regular Board Meeting.

Manager Moody inquired with the Board on the McGurk Dam questioning if a more permanent fix would be cost prohibitive versus fixing it. Manager Moody added the McGurk Dam is included as part of the District’s Annual Routine Maintenance Agreement that is renewed every 5-years with the Fish and Wildlife Service. Director McGurk commented ~900 cfs will blow out the Dam; adding, the Dam is a dyke and a crossing. Director McGurk further advised when the dyke blows it takes out what was built for the crossing. President Sanguinetti advised District Engineer Lee to look into this.

G. DIRECTOR REPORTS

- 1. Greater Stockton Chamber of Commerce Monthly Mixer – San Joaquin General Hospital, 04/07/16
Nothing to report.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

- 1. Eastern San Joaquin County Groundwater Banking Authority Board Meeting, 9:30 a.m., 04/13/16
- 2. Sustainable Groundwater Management Act of 2014 Workgroup, 10:00 a.m., 04/13/16
- 3. Demonstration Recharge Extraction & Aquifer Management (DREAM) Project – Technical Advisory Committee Meeting, 12:00 p.m., 04/15/16
- 4. Stockton East Water District Chili Cook-Off & Board of Directors Appreciation Lunch, 12:00 p.m., 04/15/16
- 5. San Joaquin County One-Voice Trip, 04/17/16 – 04/21/16

J. 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 2:06 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:24 p.m., with no reportable action.

K. ADJOURNMENT

President Sanguinetti adjourned the meeting at 2:25 p.m.

Respectfully submitted,

Scot A. Moody
Secretary of the Board

kml

