

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

**B. CONSENT CALENDAR (None)**

**C. PUBLIC COMMENT**

Julianne Phillips, San Joaquin Farm Bureau Federation commented the San Joaquin Farm Bureau is hosting a SB 88 and Sustainable Groundwater Management Act (SGMA) Workshop on Friday, May 13, 2016 from 10:00 a.m. to 2:00 p.m., at the Robert J. Cabral Agricultural Center. Ms. Phillips reported lunch would be provided.

**D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS**

1. Minutes 04/12/16 Regular Meeting

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

Roll Call:

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

Nays: None

Abstain: None

Absent: Atkins

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

Manager Moody recommended the Board approve the Warrants with the exception of the expense on page 14, line item 37 for U.S. Army Corps of Engineers (USACE) Finance & Accounting for

New Hogan Contract Water Storage O&M 2016 in the amount of \$689,046.55. This item will be discussed further under Agenda Item D-3.

Director Watkins inquired if this expense is the only charge for Fiscal Year 2015-2016. Director Watkins referenced page 27 of the Agenda packet (SEWD Impact of USACE O&M Increase Fiscal Year 2015-2016 spreadsheet) commenting the amount of \$327,246.24 and \$689,046.55 reference "Fiscal Year 2015-2016 Budget". Finance Director Naray replied the amount of \$327,246.24 was last year's charge. Director Watkins commented the Fiscal Years on the page are incorrect.

A motion was moved and seconded to approve the April 26, 2016 Warrants, paying all expenses presented except the expense on page 14, line item 37 of the packet to the U.S. Army Corps of Engineers Finance & Accounting, in the amount of \$689,046.55. President Sanguinetti directed staff to make the edits to the Warrant List for signature.

Roll Call:

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

3. United States Army Corps of Engineers - 2016 New Hogan Lake Operations & Maintenance Costs  
Manager Moody provided the Board with information on the United States Army Corps of Engineers (USACE) - 2016 New Hogan Lake Operations & Maintenance Costs. Manager Moody reported on the ongoing efforts with the USACE regarding the Ability to Pay Study. Manager Moody reported the USACE's costs incurred for repair work of the spill gates (tainter gates) at New Hogan are a contributing factor for the increase to the District's portion of O&M costs. Director Watkins inquired how the District could be financially responsible because District does not conduct the flood control operations, tainter gates are used strictly for flood control. Director Cortopassi expressed his repeated request for a full invoice explanation for the last few years. Director Watkins inquired on the USACE's audit process every five-years. Finance Director Naray replied an audit (review of invoices billed) takes place every five-years. The District will be subject to pay this amount for the next five years. Manager Moody added staff will continue discussions with the USACE to resolve the issues and will bring back findings to the Board.

Director Cortopassi conveyed his suggestion to have Legal Counsel review the Contract to explain how the costs are calculated. Manager Moody suggested Finance Director Naray review the Contract. Discussion followed regarding capital costs and the percentages (of capital costs) paid by SEWD and by Calaveras County Water District (CCWD). Finance Director Naray added 38% of the building costs are responsibility of SEWD and CCWD. Director Panizza inquired if staff has communicated with CCWD regarding the invoice and billing increases; and, advised staff communicate prior to distributing CCWD's bill. Director Panizza expressed his belief that the City of Stockton previously held rights to the old New Hogan Dam and traded these rights to the federal government after the floods that occurred in the 1950's. Director Panizza suggested staff research further as it may determine how the USACE gained rights to New Hogan.

4. Notice of Acceptance of Completions
  - a. Finished Water Reservoir No. 1 Sump Pump Upgrade  
Manager Moody provided the Board with the Notice of Acceptance of Final Completion (NOC) for the Finished Water Reservoir No. 1 Sump Pump Upgrade. Manager Moody reported

the NOC starts the clock on statues of limitations regarding prevailing wage disputes as well as contractor and subcontractor payments. Director Cortopassi inquired on the total cost for the Sump Pump Upgrade. Assistant Manager Johnson replied total costs were ~\$91,000 – \$92,000.

- b. Installation of Electrical Enclosure at MCC-2M Building for SED Basin Mixer Upgrade  
Manager Moody provided the Board with the Notice of Acceptance of Final Completion (NOC) for the Installation of Electronical Enclosure at MCC-2M Building for the SED Basin Mixer Upgrade.

A motion was moved and seconded to approve the Notice of Completions for the Finished Water Reservoir No. 1 Sump Pump Upgrade and the Installation of Electrical Enclosure at MCC-2M Building for SED Basin Mixer Upgrade, as presented.

Roll Call:

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

- 5. Cancellation of May 3, 2016 Stockton East Water District Regular Board Meeting  
Manager Moody provided the Board with a draft cancellation notice for the May 3, 2016 Stockton East Water District Regular Board of Directors Meeting. President Sanguinetti added next week is the ACWA Spring Conference.

A motion was moved and seconded to cancel the May 3, 2016 Stockton East Water District Regular Board Meeting.

Roll Call:

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

- 6. Stockton East Water District Legislative Tour Date  
Manager Moody provided the Board with information to begin planning a Stockton East Water District Legislative Tour for state and local elected officials (and those running in upcoming elections). Manager Moody provided the 2016 calendar for the ACWA State Legislative Committee (SLC) as a reference (the Legend includes State Holidays and Legislature’s Spring & Summer Recesses). Manager Moody inquired what month is best for the Board while also considering state representative’s participation based on their availability per the 2016 SLC calendar. President Sanguinetti suggested either July or August. Discussions concluded with July as the most favorable month. Director Watkins inquired on the amount of interest in providing a Tour. Manager Moody replied Assembly Member Eggman has not yet received a tour of New Melones Dam and San Joaquin County Supervisor Winn and Gustavo Medina (Candidate for San Joaquin County Supervisor, District 1), have also expressed their interest. President Sanguinetti commented on the timing of hosting a Tour in July and the conclusion of the June primaries will determine the candidates whom will be on the November ballot. Manager Moody added staff would also contact Legislators for their interest and participation on the Tour.

7. Upper Farmington Canal Slide  
Manager Moody provided the Board with information on the Upper Farmington Canal Slide. Manager Moody reported the soil in this area has presented ongoing issues and suggested Kleinfelder conduct a geological investigation. Director Watkins inquired on the location of this occurrence from the location of the last landslide. Water Supply Manager Lozano replied latest occurrence is just downstream from the last landslide. Water Supply Manager Lozano conveyed most of the north and south side of the bank along the road were re-built with tunnel muck that also “acts like a drain”. President Sanguinetti expressed fixing this because it will run into the Canal.
8. Water Treatment Plant – Water Quality (Potassium Permanganate)  
Manager Moody provided an overview to the Board on Water Treatment Plant – Water Quality. Manager Moody reported on the Pilot Study using Potassium Permanganate for water treatment. Manager Moody noted there is a noticeable difference in the THM’s of ~80 to ~40 when the chemical is used. Manager Moody reported the District Wells are currently offline to enable staff to analyze the results of how effective the chemical is without any groundwater supply. Additionally, TOC removal criteria is to be analyzed during this Pilot Study. This item was for information only.

#### **E. COMMITTEE REPORTS**

1. Eastern San Joaquin County Groundwater Banking Authority Board Meeting, 04/13/16  
Director Panizza, Manager Moody and District Engineer Lee attended the April 13, 2016 Eastern San Joaquin County Groundwater Banking Authority Board Meeting. Director Panizza reported the Board took action to approve the request of North Delta to become a member of the Eastern San Joaquin Region Sustainable Groundwater Management Act Workgroup. Discussions focused on a Task Order for an On-Call Consultant (pending concurrence of SGMA Workgroup, which had been referred out to the SGMA Technical Advisory Committee for recommendation). Director Panizza reported on the progress of the various sub-parts of the SGMA timeline will provided at Board level. The next meeting is scheduled for May11, 2016.
2. Eastern San Joaquin Region Sustainable Groundwater Management Act Workgroup, 04/13/16  
Manager Moody and District Engineer Lee attended the April 13, 2016 Eastern San Joaquin Region Sustainable Groundwater Management Act Workgroup Meeting. Manager Moody reported roundtable discussions focused primarily on Groundwater Sustainable Agencies (GSA) status. Manager Moody provided comments to the Workgroup regarding the costs of compliance with SGMA Legislation; and, expressed the financial responsibility of each agency. The next meeting is scheduled for May 11, 2016.
3. Stockton Area Water Suppliers Meeting, 04/18/16  
Manager Moody reported on the April 18, 2016 Stockton Area Water Suppliers Meeting. Cal Water and City of Stockton participated by phone. Kristin Coon, Water Conservation Coordinator reported Elkhorn Charter School students and staff were not drinking water at the school. Tony Tovar, City of Stockton Deputy Director of Municipal Utilities followed-up with the Charter School to inform them the water is safe to consume. The next meeting is scheduled for May 23, 2016.

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

1. Water Supply Report as of 04/12/16

Water Supply Manager Lozano reported there is 138,563 AF in storage at New Hogan Reservoir. Current releases are set at 90 cfs. There is 635,112 AF in storage at New Melones Reservoir. Current releases at Goodwin Dam are set at 2,491 cfs. The water treatment plant is currently processing 18 mgd. The City of Stockton's water treatment plant is currently processing 20 mgd of 100% Woodbridge Irrigation District water. Water Supply Manager Lozano reported the District Wells are currently offline.

Water Supply Manager Lozano reported there are 4 irrigators currently pumping on the New Hogan system.

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, F2a-11 and F2a-12.

3. Report on General Manager Activities

a. Water Treatment Plant Tour with Supervisor Winn (San Joaquin County District 4 Supervisor), 04/25/16

Manager Moody attended the April 25, 2016 Water Treatment Plant Tour with Supervisor Winn (San Joaquin County District 4 Supervisor). Manager Moody reported the Tour was ~2 hours. Discussions focused on Supervisor Winn's vision of all agencies on the Basin bridging together to increase water supply; methods to increase water supply; financing and SGMA. Director McGurk inquired if Supervisor Winn suggested a format of agencies coming together. Manager Moody replied he suggested brown bag format. Supervisor Winn also expressed interest in the proposed Legislative Tour.

b. Ability To Pay Study Meeting with United States Bureau of Reclamation (David Murillo), 04/22/16

Director Watkins, Manager Moody, Legal Counsel Harrigfeld and Mark Croce attended the April 22, 2016 Ability to Pay Study Phone Conference Meeting with United States Bureau of Reclamation (David Murillo). Manager Moody reported the District "appealed" the USBR's decision of the District not qualifying for relief under the Ability to Pay Study. Discussions primarily focused on pricing data used for land values (USBR using \$10k an acre for land costs & using Williamson Act numbers, driving the valuation of the property down); use of different land values based on crop-type and land that is inherited. Manager Moody reported Mr. Murillo personally stated he would go back and review data the District provided. Manager Moody reported all participants agreed the land values have the biggest impact and would determine the District's ability to receive relief.

c. California Water Commission Meeting, 04/20/16

Manager Moody reported the April 20, 2016 California Water Commission Meeting was cancelled.

Manager Moody inquired if any Directors will attend the DREAM Project Tour scheduled this Thursday, April 28, 2016. Participants will be meeting at 10:00 a.m., at Kautz Farms, 5920 E. Live Oak Road. President Sanguinetti replied he will attend the Tour.

## **G. DIRECTOR REPORTS**

1. Stockton East Water District Chili Cook-Off & Board of Directors Appreciation Lunch, 04/15/16  
Manager Moody provided the Board with information on the April 15, 2016 Stockton East Water District Chili Cook-Off & Board of Directors Appreciation Lunch. Director McGurk attended the April 15, 2016 chili cook-off and reported on the format to vote. Four staff members submitted a dish anonymously and the first place prize was awarded Taylor Curtis. Director McGurk commented the lunch had many employees in attendance and it was a fun event with good camaraderie.
2. San Joaquin Council of Governments 2016 One Voice Trip, 04/16/16 – 04/21/16  
Directors Atkins, Sanguinetti and Watkins attended the 2016 San Joaquin Council of Governments One Voice Trip to Washington D.C. President Sanguinetti reported on a meeting with Congress Member Denham’s Legislative Assistant, Christopher White. Discussions primarily focused on the United States Environmental Protection Agency (EPA) Clean Water Rule. President Sanguinetti reported on the meeting with EPA Office of Region 9 staff, Arnita Hannon. The EPA conveyed the Clean Water Rule has received many letters of support. President Sanguinetti added House Appropriations Sub-Committee on Interior, Jason Gray expressed Congress has no control over the EPA. Director McGurk inquired how extensive is the EPA control. President Sanguinetti replied the EPA is pushing their regulations out; and, Congress is allowing.

President Sanguinetti reported on a meeting with the U.S. Army Corps of Engineers (USACE) Assistant Director Civil Works, Julia Harvey. Ms. Harvey recently started with the USACE and was not familiar with the District or related Projects. Additionally a new Colonel will begin serving in the USACE Sacramento location. Director Watkins added Dennis Cardoza was present and discussions focused on the Farmington Dam.

President Sanguinetti reported SEWD Directors attended several dinner events on April 17, 2016 – sponsored by San Joaquin RTD at Hill Country Barbeque; April 18, 2016 – sponsored by the Port of Stockton at The Prime Rib; and sponsored dinner with County Supervisor Kathy Miller and District Consultant Boesch.

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

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

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 5:30 p.m., 04/26/16
2. AD HOC Technical Review Committee Meeting for the Sustainable Groundwater Management Act Work Group, 2:00 p.m., 04/27/16, cancelled.
3. ACWA State Legislative Committee Meeting, 8:00 a.m., 04/29/16
4. Demonstration Recharge Extraction & Aquifer Management (DREAM) Project Meeting, 04/29/16
5. Association of California Water Agencies – 2016 Spring Conference Monterey, CA, 05/03/16 – 05/06/16

**J. REPORT OF THE COUNSEL**

1. Closed Session: REAL PROPERTY – GOVERNMENT CODE  
SECTION 54956.9 – Property: Water Rights  
Agency Negotiator: Scot A. Moody /Karna E. Harrigfeld  
Negotiating Parties: Oakdale Irrigation District/South San Joaquin Irrigation District  
Under Negotiation: Water Transfer
2. Closed Session – Potential Litigation  
Government Code 54956.9 (c) – five cases
3. Closed Session – Personnel  
Government Code 54957

President Sanguinetti adjourned the meeting to closed session at 1:47 p.m. to discuss closed session agenda items. District staff, with the exception of Manager Moody and Administrative Services Manager Stephens were excused from the closed session meeting at 2:35 p.m. The regular meeting reconvened at 3:20 p.m., with no reportable action.

**K. ADJOURNMENT**

President Sanguinetti adjourned the meeting at 3:21 p.m.

Respectfully submitted,



Scot A. Moody  
Secretary of the Board

kml

