

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, DECEMBER 13, 2016 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President McGurk called the regular meeting to order at 12:19 p.m., Director Sanguinetti 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, District Engineer Lee, Finance Director Naray, Administrative Services Manager Carido, Administrative Clerk Curtis, Consultant Barkett and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes

a. Minutes 12/06/16 Regular Meeting

A motion was moved and seconded to approve the December 6, 2016 Regular Meeting Minutes, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: None

b. Minutes 12/08/16 Special Meeting

A motion was moved and seconded to approve the December 8, 2016 Special Meeting Minutes, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: None

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the December 13, 2016 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: None

3. Consideration of Proposed Annual Budget Fiscal Year 2017/2018

a. Public Hearing

President McGurk opened the Public Hearing at 12:21 p.m., to receive comments on the Proposed Annual Budget for Fiscal Year 2017/2018.

Manager Moody reported the District circulated the Draft Budget; received recommendation to approve from the Agriculture Operations Committee and published a notice of today's public hearing in The Stockton Record. Manager Moody reported no comments were received.

Seeing there were no public comments, President McGurk closed the Public Hearing at 12:22 p.m.

b. District Associations & Memberships List

Manager Moody provided the Board with a list of District Associations and Memberships that were paid in 2016. Manager Moody reported Board review of this list prior to adoption of the Fiscal Year 2017/2018 Budget. Manager Moody commented staff does not anticipate major increases to this list of memberships but noted the results from current SGMA/JPA activity/discussions will result in another future cost for the District's association and all entities including the District will be forced to address the financial responsibility, which is unknown at this time. President McGurk inquired on the Wienhoff & Associates Consortium Fees for 2017. Manager Moody replied this is a consortium the District participates in of which the vendor administers random pool drug-screening as required by the Department of Transportation for the staff who hold a Class A driver's license. This item was for information only.

c. Resolution No. 16-17-11 Adopting The Proposed Budget For Fiscal Year 2017/2018

Manager Moody provided the Board with the Proposed Budget for Fiscal Year 2017/2018. Finance Director Naray reported on the Basic Assumptions, noting staff assumed use of surface water although unknown if we will receive and used the same, municipal water production figures in previous years assumptions (estimated at 14,100 AF for groundwater and 55,000 AF for surface water). Finance Director Naray reported staff anticipates and has included a 2.5% salary level increase covering cost-of-living-allowance for 2017/2018. Finance Director Naray also reported staff anticipates a 10% average increase for employee benefits to include health insurance, retirement benefits and other post-employment benefits to comply with GASB 45.

Director Cortopassi clarified that the 10% increase for employee benefits is due to cost of benefits rising, not the District raising the cost or increasing the types of benefits. Finance Director Naray replied yes, ACWA/JPIA has estimated an increase of current benefit costs in the range of 8%-12% for next year. Staff took the mid-range percentage of that estimate; and calculated 10% estimated increase to the cost of benefits for Fiscal Year 2017/2018. Finance Director Naray reported in accordance with the Second Amended Contract the District performed a Cost Allocation Study in 2014 and advised conducting another Cost Allocation Study soon. Director Cortopassi inquired on if the percentages for Schedule B – Proration of Expenses – Administration Division have changed. Manager Moody replied they remain the same.

Finance Director Naray reported a decrease in Fund 70 – Administration of ~\$234,000; part of this decrease is because the District does not need to include election expenses. Finance Director Naray reported to offset savings on Board expenses, a section called Bay-Delta Water Control

Plan was added to this Budget in the total expense amount of ~\$250,000. Director Atkins inquired on what the Bay-Delta Water Control Plan entails. Legal Counsel Zolezzi replied, litigation expenses.

Finance Director Naray reported Fund 94 – Municipal & Industrial increase of ~ \$267,000. A large portion of the increase is due to the estimated 55,000AF of surface water from United States Bureau of Reclamation (USBR), which is estimated at an expense of \$517,000. To offset this cost, electricity was decreased ~\$500,000. The decrease in electricity is contributed in part by the Solar Project, which estimates ~\$300,000 savings. Finance Director Naray also reported increase includes the expense for Bellota Fish Passage Project in the amount of \$2,500,000 (Fund 89).

Director Cortopassi inquired on “Other Revenues” payment in the amount of \$240,000 from Central San Joaquin Water Conservation District (CSJWCD). Finance Director Naray replied this is the estimated payment the District to receive from CSJWCD for their share of the O&M cost from New Melones, if we receive this water supply.

Director Watkins inquired on the total amount of funds for the Bellota Fish Passage Project (Fund 89). Finance Director Naray replied Fund 89 is on page 33. Manager Moody added per Board direction, staff does not include ending fund balances in the Budget.

Finance Director Naray reported Fund 71 – Water Supply O&M, has increased \$347,000, due to the \$367,000 increase paid to the United States Army Corps of Engineers (USACE). Manager Moody added this payment is the District’s share of the USACE’s Lateral Gates Improvement Project; and, must be repaid over a 5-year span.

Finance Director Naray reported on Schedule D – Proration of Base Monthly Payment (BMP). The monthly BMP decreased from the amount of \$1,660,363.97 (for Fiscal Year 2016/2017), to the amount of \$1,656,859.22 (for Fiscal Year 2017/2018).

A motion was moved and seconded to adopt Resolution No. 16-17-11 – Adopting the Proposed Budget for Fiscal Year 2017/2018, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

4. 2017 San Joaquin Council of Governments One-Voice Legislature Trip, 04/30/17 – 05/04/17
Manager Moody provided the Board with information on the 2017 San Joaquin Council of Governments (SJCOG) One-Voice Legislature Trip. The 2017 One-Voice Trip is scheduled for April 30-May 4, 2017 and the deadline for submission for Projects is Friday, March 3, 2017. Manager Moody reported we should be strategic in what is presented on behalf of the District during the One-Voice Legislature Trip, however, there is a timeline the District has to follow for submittal of Project Requests.

Director Cortopassi inquired if the One-Voice trip will include more than just transportation. Manager Moody replied the Program will include all Projects, not just transportation, that are submitted and agenzized prior to travel.

President McGurk recommended submitting the Project Request as planned and redefine our needs in the coming months.

A motion was moved and seconded to approve participation in the 2017 San Joaquin Council of Governments One-Voice Legislature Trip; and, advised Manager Moody submit Project Requests using the same format as in the previous year.

Roll Call:

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

5. East Bay Municipal Utilities District – Protest Dismissal Agreement Correspondence, 12/08/16
Manager Moody provided the Board with correspondence on the East Bay Municipal Utilities District – Protest Dismissal Agreement. Manager Moody reported per Board direction, the letter was mailed December 8, 2016. Manager Moody reported the letter has been received by all parties; and, the District has received a number of phone calls in support of the letter. This item was for information only.
6. Association of California Water Agencies/Joint Powers Insurance Authority President’s Special Recognition Awards – (Liability and Property Program Low Loss Ratio), 12/06/16
Manager Moody provided the Board with correspondence from ACWA/JPIA regarding the District awarded with the President’s Special Recognition Awards for a Loss Ratio of 20% or less in both the Liability and Property Programs. Administrative Services Manager Cardio reported the District also received these awards 2-years ago; and, this acknowledges the District has maintained on the correct path and continues to keep claims at a minimum.

President McGurk inquired how many Districts receive these awards. Manager Moody replied he does not know the exact number, however, he believes a large percentage of members qualify for these awards as ACWA/JPIA was acknowledging a number of members for keeping claims low at the 2016 ACWA Fall Conference. This item was for information only.

E. COMMITTEE REPORTS (None)

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 12/12/16
Manager Moody provided a handout of the Water Supply Report that included storage, release, and production data collected from various sources as of midnight last night.

Manager Moody reported there is 81,016 AF in storage at New Hogan Reservoir. Current releases are set at 22 cfs. There is 555,525 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 202 cfs and release to all water users are set at 202 cfs. The water treatment plant is currently processing 16 mgd. The City of Stockton’s water treatment plant is currently processing 16 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, F2a-11, F2a-12, F2a-13, F2a-14, F2a-15 and F2a-16.

3. Report on General Manager Activities
 - a. New Hogan Emergency Action Plan Meeting, 12/08/16
Manager Moody provided the Board with information on the December 8, 2016 New Hogan Emergency Action Plan (EAP) Meeting. Assistant Manager Johnson reported we did not attend this year, as there have been no changes to the plan. This item was for information only.

G. DIRECTOR REPORTS

1. Association of California Water Agencies – 2016 Fall Conference Anaheim, CA, 11/28/16 – 12/02/16

Director Atkins, McGurk, Sanguinetti and Watkins and Manager Moody attended the 2016 ACWA Fall Conference in Anaheim, California. Director Sanguinetti reported there were no workshops provided on unimpaired flows or how the Sustainable Groundwater Management Act (SGMA) could affect groundwater or agriculture. Director Sanguinetti reported the conference did not address any real issues that are happening right now. Director Sanguinetti also reported during the Energy Committee meeting there was discussion on forthcoming rate changes.

Manager Moody reported nothing to report from the meeting with the United States Bureau of Reclamation (USBR); or from the sessions, he attended. Manager Moody reported an email from ACWA President, Kathy Tiegs consisting of a survey to gain better understanding of the most important initiatives relevant to ACWA's Ag members. Manager Moody reported he attended the "Statewide Issues Forum – Collaboration, Comprehensive Solutions, and State-Federal Cooperation" moderated by Timothy Quinn, Executive Director of ACWA. The Forum included discussion on exploration of how the water community can best position itself to chart a new and more constructive path. Manager Moody reported he attended the "Attorneys Program – State Water Resources Control Board Curtailments" with Dan Kelly, Somach, Simmons & Dunn; David Rose, State Water Resources Control Board and Jeanne Zolezzi, Herum Crabtree Suntag as the panelists. This Program included discussion on the Board's regulatory options to effect the State's water right priority system in a severe drought, including its current curtailment processes. Manager Moody reported Ag interests voiced their concern at an Advisory Group Meeting convened by Region 6 Vice-Chair. Director McGurk added the Ag Initiative is ACWA's effort to address the issues relevant to ACWA's Ag members; and, inquired if the District has provided any contact information to receive information.

President McGurk reported during the Region 4 Business Meeting, a 5-year plan discussion included increasing ACWA membership dues.

2. Stockton East Water District – Holiday Luncheon, 12/08/16
Manager Moody provided information to the Board from the December 8, 2016 Stockton East Water District – Holiday Luncheon. Director McGaughey reported it was a good event that was well coordinated by staff. The food was good and company was better. Director Cortopassi agreed and reported the staff that organized the event did a good job.

Manager Moody added staff would like to present Aaron Riojas, Water Supply Supervisor, with an award for completion of ACWA/JPIA's Professional Development Program for Supervisory Basics Certification at the next Board Meeting.

3. Greater Stockton Chamber of Commerce Diversity Mixer – University of the Pacific, 12/08/16
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., 12/14/16
2. Sustainable Groundwater Management Act Workgroup, 10:00 a.m., 12/14/16
3. San Joaquin County Board of Supervisors Holiday Open House, 11:30 a.m., 12/14/16
4. State Water Resources Control Board Public Hearing – 2016 Bay Delta Plan Amendments & Substitute Environmental Document (SED), Stockton Civic Auditorium, 9:00 a.m., 12/16/16
5. Tri-Dam Budget Meeting, South San Joaquin Irrigation District, 10:00 a.m., 12/19/16
6. Linden-Peters Chamber of Commerce Meeting, 7:00 p.m., 12/19/16

J. REPORT OF THE COUNSEL

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

President McGurk adjourned the meeting to closed session at 1:09 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:33 p.m., with no reportable action.

J. ADJOURNMENT

President McGurk adjourned the meeting at 1:34 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

