

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, JANUARY 30, 2018 AT 12:00 NOON

**A. PLEDGE OF ALLEGIANCE AND ROLL CALL**

President McGurk called the regular meeting to order at 12:19 p.m., and led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGaughey, McGurk, Sanguinetti and Watkins. Director Panizza was absent. Also present were Manager Moody, Assistant Manager Johnson, District Engineer Lee, Finance Director Vega, Administrative Services Manager Carido, Administrative Clerk Curtis, Legal Counsel Zolezzi and Consultant Barkett.

**B. CONSENT CALENDAR (None)**

**C. PUBLIC COMMENT (None)**

**D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS**

1. Minutes 01/23/18 Regular Meeting

A motion was moved and seconded to approve the January 23, 2018 Regular Meeting Minutes, as presented.

Roll Call:

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

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the January 30, 2018 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

3. Association of California Water Agencies – 2018 Annual Washington D.C. Conference, 02/27/18-03/01/18

Manager Moody provided the Board with information on ACWA’s 2018 Annual Washington D.C. Conference, to take place 02/27/18-03/01/18. Manager Moody reported Legal Counsel Zolezzi reached out to Oakdale Irrigation District and South San Joaquin Irrigation District regarding joining in on their planned visit to Washington D.C. Both Districts indicated given the technical nature of what they will be presenting they would like to limit who is part of those discussions. Manager Moody reported this trip will be more of an educational trip with OID and SSJID and their discussion with the United States Bureau of Reclamation (USBR).

OID and SSJID would recommend that Legal Counsel Harrigfeld and/or Manager Moody attend given the technical nature of the subject matter.

Director Sanguinetti inquired when OID and SSJID's scheduled trip is. Consultant Barkett added smaller groups generally go a couple days prior to the ACWA trip.

Director Sanguinetti reported that joining OID and SSJID could be more productive than attending the ACWA Conference in Washington D.C.

Manager Moody advised he will confirm the dates with OID and SSJID and provide recommendation to the Board.

4. Resolution No. 17-18-12 – Adopting an Investment Policy for 2018

Manager Moody provided the Board with Resolution No. 17-18-12 – Adopting an Investment and Debt Management Policy for 2018. Manager Moody reported the Board adopted the Debt Management Policy at the May 16, 2017 Regular Board Meeting. The District is mandated by law to have an Investment Policy in place.

Finance Director Vega reported the Investment Policy is required by California Government Code, which states the Board can direct staff to invest funds as they see fit. That authority however is only valid for one year; a policy will need to be approved by the Board annually to satisfy the requirements.

Finance Director Vega reported as part of the California Government Code there are reporting requirements that can be brought to the Board at specific time increments per the Board's discretion.

Finance Director Vega reported any outside entity investing District funds would have to acknowledge they are in receipt of the policy, have read, and understand it.

Manager Moody reported although the District is required to have an Investment Policy, any investment transactions would be brought to the Board for consideration and approval prior to completion.

Director Atkins inquired if the District has had a policy like this before. Manager Moody replied no.

President McGurk inquired on the line of the resolution that states the District will invest funds in a manner, which will provide the highest investment return with the maximum security. Legal Counsel Zolezzi replied the District will find the securest investment with the highest return.

Manager Moody reported there is information in the policy that identifies prohibited investment practices.

Director Cortopassi inquired if the District stores large amounts of money at the County. Manager Moody replied all of the District's funds are held at the County. The County receives interests on the funds; once they take off their overhead costs the District receives the residual funds.

Manager Moody reported this policy is also necessary to have in place if the District chooses to refinance bonds in the future.

A motion was moved and seconded to approve Resolution No. 17-18-12 – Adopting an Investment Policy and Debt Management Policy for 2018, as presented.

Roll Call:

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

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Nayes: None  
Abstain: None  
Absent: Panizza

5. Resolution No. 17-18-13 – Approving the Disposal of Surplus Property

Manager Moody provided the Board with Resolution No. 17-18-13 – Approving the Disposal of Surplus Property for miscellaneous engineering items; a desk; 6 chairs; an old monitor and old television.

A motion was moved and seconded to approve Resolution No. 17-18-13 – Approving the Disposal of Surplus Property, as presented.

Roll Call:

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

6. North Site Groundwater Recharge Project Presentation

Nexgen Utilities Management (Nexgen) provided the Board with a presentation on the North Site Groundwater Recharge and Raw Water Storage Project – Design Status Report. Dan Rich reported the District is at a 60% design level. The District held an Ad-Hoc Committee Meeting on December 13, 2017, where the consensus of the Committee was to make accommodations to allow this to be a full recharge project.

Mr. Rich reported on the Project objectives, stating Phase 1 includes Raw Water Reliability Improvements, such as, at the Constant Head Vault; adding gates to route Bellota water into Peters Pipeline; add piping and valves at the Treatment Plant to allow Bellota and Peters Pipeline water to flow to the Treatment Plant; East Raw Water Reservoir and flood the fields. Phase 2 includes North Site Recharge and Raw Water Storage, such as, a 73-acre basin; 60 MG storage to mirror East Raw Reservoir; continued agricultural recharge on west side and complete logical portions of Phase 2 during Phase 1.

Mr. Rich reported work completed to date includes, a preliminary design of surveying; geotechnical investigation; cultural surveys of the entire site; predesign report; cost estimates and project phasing with Ad-Hoc Committee and Final Design, which is currently in progress.

Manager Moody reported there are ~\$500,000 in contingency fees built into the costs of all phases of the Project.

Director Cortopassi inquired if piping is included in Phase 1. Mr. Rich replied yes.

Director Cortopassi inquired on the \$300,000 grant funding. District Engineer Lee replied the work outline in the presentation is not eligible for use of grant funds because the basin will not be built. Phase 1 is strictly Treatment Plant improvements to ensure whatever water sources the District has can be diverted to the ponds.

Director Cortopassi inquired when the grant expires. District Engineer Lee replied the \$300,000 grant expires in September 2019.

Director Watkins inquired if Phase 1a is redundancy for Phase 1. Mr. Rich replied yes. District Engineer Lee added it is redundant for reliability, but not redundant for completely removing one from service.

Director Cortopassi inquired if the District will have the option of either Bellota water, New Melones water or both for recharge. Mr. Rich replied yes, both water sources can be used up to the capacity of the pond.

Director Cortopassi inquired how much additional funds it will take to finish the percolation pond. Manager Moody replied ~\$800,000.

Director Sanguinetti inquired on the capacity of the new pipeline proposed to be installed. Mr. Rich replied any new pipe installed is designed to match downstream capacity.

Director Atkins inquired if there will be any safety measures put in place in the event there is too much pressure in the pipelines. Mr. Rich advised the pipelines will be rated for 150psi and air relief valves will be installed.

Director Atkins inquired if a valve is shut-off or something is not working, it will indicate on a monitor that there is an issue. Manager Moody replied once SCADA is online there will be information supplied to the system regarding the state of the piping, initially everything will need to be done manually.

Mr. Rich reported after the 60% Design review and edits, staff and Nexgen can determine what the best Project delivery approach will be. Mr. Rich advised a recommended approach would be the collaborative approach with a general contractor. A general contractor will provided a guaranteed maximum price and backup pricing assumptions. If the District is confident with the price and terms, they sign a contract and begin construction. Director Sanguinetti recommended using the collaborative approach.

Consultant Barkett reported he highly recommends a collaborative approach with a general contractor. It is the best way to manage the process.

Director Watkins advised staff put a recommendation together for the entire Project and bring back to the Board for consideration and approval. Manager Moody advised staff will bring a recommendation back to the Board in the next couple weeks.

## **E. COMMITTEE REPORTS**

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 01/23/18  
Director Sanguinetti and Manager Moody attended the January 23, 2018 San Joaquin Farm Bureau Federation – Water Committee Meeting. Director Sanguinetti reported it was a quick meeting. The next meeting is scheduled for February 27, 2018.
2. ACWA Region 4 Board of Directors Meeting, 01/29/18  
President McGurk attended the January 29, 2018 ACWA Region 4 Board of Directors Meeting. President McGurk provided the Board with a handout of the email and letter attachment dated January 26, 2018 that was sent to Pamela Tobin, Region 4 Chair and Ana Javid, Region & Member Engagement Specialist at ACWA regarding President McGurk's placement on the agenda at the January 29, 2018 Region 4 meeting. President McGurk reported he was not officially placed on the meeting's agenda. President McGurk reported there was discussion on the 2018/19 Board

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Orientation and Region 84 Rules and Regulations. President McGurk reported the Board had to nominate Region 4 representatives for all twelve standing committees. They would like a reporter from each committee to provide a report at the Business Meetings at the Semi-Annual ACWA Conferences. President McGurk volunteered Director Sanguinetti to serve as the alternate for the Energy Committee due to his consistent attendance at the conferences. President McGurk reported the Board asked for volunteers from the Agriculture Committee. Manager Moody replied the list of the District's volunteers was sent to ACWA on December 12, 2017. President McGurk reported there was discussion on the 2018/19 Strategic Plan and Work Plan, in addition to potential region activities for the coming year. The Region 4 Committee may have the opportunity to present a program at the upcoming ACWA Spring Conference.

President McGurk reported he made a forceful presentation of Manager Moody's grievance from being removed as a member of the standing State Legislative Committee. President McGurk was informed the new Region 4 Chair, Ms. Tobin was given directive by ACWA's President to provide Region 4 Committee assignment by a specified date. Ms. Tobin inquired with Ms. Javaid, who advised the Chair and Vice Chair convene to determine who should represent Region 4 on ACWA's committees. President McGurk reported there was lobbying done to be placed on committees, especially for the State Legislative Committee. Ms. Tobin reported she and Vice Chair, Emmerson evaluated committee representatives before recommending placements. They also advised an email blast was sent to all agencies to request which committees agencies would like to be seated on. Manager Moody replied the District sent the Committee Consideration Form to ACWA on August 1, 2017. President McGurk reported Manager Moody is first in line should anyone from Region 4 fail to meet the requirements on the State Legislative Committee. Legal Counsel Zolezzi inquired what the response was to Mike Hardesty being on the Committee even though he has since retired. President McGurk replied anyone can be placed on a committee if they are appointed by the District. Reclamation District No. 2068 nominated Mike Hardesty. President McGurk advised Manager Moody is welcome to participate in all State Legislative meetings, he will just not have a vote at this point. President McGurk reported Manager Moody is in line to be the standing alternate for all Region 4 representatives who sit on the State Legislative Committee. Should one of them be unable to attend, they are to call Manager Moody so he can attend in their place. Ms. Tobin advised should a vacancy become available, Manager Moody is the first in line to be appointed.

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

### **1. Water Supply Report as of 01/29/18**

Manager Moody provided a handout of the Water Supply Report for information only that included storage, release, and production data collected from various sources as of midnight last night.

There is 157,912 AF in storage at New Hogan Reservoir. Current releases are set at 23 cfs. There is 1,981,920 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 600 cfs and release to all water users are set at 636 cfs. The water treatment plant is currently processing 16 mgd. The City of Stockton is currently processing 13 mgd.

### **2. Information Items:**

Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5, F2a-6, F2a-7 and F2a-8.

### **3. Report on General Manager Activities**

Manager Moody reported Staff has started painting the Operations Building as part of the Operations Building renovation Project. Manager Moody advised the Board is welcome to check-in on the progress.

Manager Moody reported he, Finance Director Vega and Legal Counsel Harrigfeld participated on a conference call with Steve Farmer from Westlands regarding the hydroelectric producers looking to exit the Central Valley Project (CVP) due to the large amount they pay to the USBR. The USBR has advised they will give the hydroelectric producers a ~\$92 million break, however, that cost will be put back on the water users. Legal Counsel Harrigfeld suggested the District has not spent enough time understanding how the USBR determines the bill amount. Legal Counsel Harrigfeld recommended a Herum\Crabtree\Suntag employee be contracted to learn about the District's billing with the USBR.

Manager Moody reported this year is the District's 70-year anniversary. Manager Moody reported the District celebrated its 60-year anniversary and inquired if the Board would like to host a celebration for 70-years. Director McGaughey suggested hosting a 75-year celebration. Director Watkins suggested a small event to celebrate 70-years, perhaps during a Regular Board Meeting.

**G. DIRECTOR REPORTS (None)**

**H. COMMUNICATIONS**

1. Stockton East Water District Comment Letter – Temporary Change Petition Involving the Transfer of 76,069 Acre-Feet by U.S. Bureau of Reclamation – License 1986 (Application 23) Permit Nos. 11885, 11886 & 11887 (Applications 234, 1465 & 5638), 01/19/18

Manager Moody provided the Board with correspondence sent by Legal Counsel Harrigfeld on the District's behalf regarding the District's concerns of the temporary transfer of water. The San Joaquin River Settlement Agreement directs that the implementation of the Settlement shall not result in the involuntary reduction of contract water allocations to CVP long-term contractors. The District is concerned that recapture of restoration flows in the San Joaquin River upstream of Vernalis could result in the need for increased releases from New Melones Reservoir, resulting in a possible reduction of contract water allocations to the District. Legal Counsel Zolezzi advised the letter is proposing to recapture water at a location upstream of Vernalis.

**I. AGENDA PLANNING/UPCOMING EVENTS**

1. Greater Stockton Chamber of Commerce Monthly Mixer – Lord's Gym City Center, 5:15 p.m., 02/01/17

**J. REPORT OF THE COUNSEL**

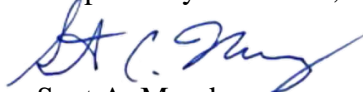
1. Closed Session - Existing Litigation  
Stockton East Water District vs. City of Stockton, et al.  
Government Code 54956.9 (a)

President McGurk adjourned the meeting to closed session at 2:00 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:09 p.m., with no reportable action.

**K. ADJOURNMENT**

President McGurk adjourned the meeting at 2:10 p.m.

Respectfully submitted,



Scot A. Moody  
Secretary of the Board

tbc

