

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 27, 2018 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President McGurk called the regular meeting to order at 12:21 p.m., and Director Sanguinetti led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGaughey, McGurk, Panizza and Sanguinetti. Director Watkins 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 03/20/18 Regular Meeting

A motion was moved and seconded to approve the March 20, 2018 Regular Meeting Minutes, as presented.

Roll Call:

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

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the March 27, 2018 Warrants, as presented.

Roll Call:

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

3. 2018 Chemical Services Request for Bid

Manager Moody provided the Board with the 2018 Chemical Services Bid results. Manager Moody reported the bid results shown are for the next fiscal year; chemical services are bid on annually.

Assistant Manager Johnson reported the vendors that are highlighted are the lowest responsible bidders. Thatcher Company was not considered a responsible bidder, although low, as they recently bought out Sierra Chemical whom the District has had carbon tetrachloride issues with. Assistant Manager Johnson reported Thatcher Company has not changed their cleaning process since procuring Sierra Chemical, thus the carbon tetrachloride would still be an issue.

Manager Moody reported the pros and cons of switching from chlorine to sodium hypochlorite is currently being discussed at staff level. Currently, only two vendors will supply chlorine and Jones Chemical is in southern California. Once staff has researched all information, this will be brought to the Board for discussion.

A motion was moved and seconded to award the 2018 Chemical Bids to Chemtrade Solutions, LLC in the amount of \$243.58/dry ton for Liquid Alum; Chemtrade Solutions, LLC in the amount of \$304/dry ton for 5% Acidified Alum; Nalco Company in the amount of \$1,140/liquid ton for Cationic Polymer; Univar USA in the amount of \$794/dry ton for Caustic Soda; CalChem, LLC. in the amount of \$689/liquid ton for PACI; Northstar Chemical in the amount of \$640/liquid ton for ACH/P and Jones Chemical Co. in the amount of \$700/dry ton for Chlorine.

Roll Call:

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

4. 2018 Landscape Services Request for Bid

Manager Moody provided the Board with the 2018 Landscape Services Bid results. Assistant Manager Johnson reported the District's current landscaping contract expires at the end of this current Fiscal Year.

Assistant Manager Johnson reported Valley Landscaping, the District's current service provider, was the lowest responsible bidder.

Assistant Manager Johnson reported the language changed in the Request for Bid emphasized all landscaping must be done before every Tuesday morning, regardless of a Monday holiday.

Director Cortopassi commented that District staff has been seen doing landscape work around the Plant as well. Assistant Manager Johnson replied staff will trim bushes as necessary and plant shrubs and flowers, however, the landscape services are routine services that include mowing the lawn, fertilizing, and weed abatement. Manager Moody added that some workers seen around the Plant might be temporary laborers sent to the District from the California Human Development program. The District has just been renewed for an additional four temporary laborers.

Manager Moody inquired if the landscape services contract is typically two-years in length. Assistant Manager Johnson replied yes.

President McGurk inquired how the landscape bidders break down their costs to estimate their bids. Assistant Manager Johnson replied they are provided a plan view of the site which highlights areas to be maintained and a schedule of weekly, monthly and quarterly work. Assistant Manager Johnson reported all three companies conducted a site visit and evaluated the grounds prior to submitting their bids.

A motion was moved and seconded to award the 2018 Landscape Services Bid to Valley Landscaping in the amount of \$56,280 for a two-year contract, beginning April 1, 2018 to March 31, 2020.

Roll Call:

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

Nayes: None
Abstain: None
Absent: Watkins

5. California Department of Fish & Wildlife Routine Maintenance Agreement – CEQA
Manager Moody provided the Board with a handout for California Department of Fish & Wildlife (CDFW) Routine Maintenance Agreement – CEQA. Manager Moody reported CDFW granted the District an extension until June 23, 2018; however, they are requiring the District complete an environmental review of the entire system in order to attain a new permit.

District Engineer Lee reported staff has met with the CDFW twice to discuss how the document should be approached. At the direction of CDFW, they requested the District look into the San Joaquin County Habitat Conservation Plan (HCP). Normally, during dam installation and removal, there are minimal mitigation measures that must be taken. However, if there is any construction, mitigation measures would need to be included in the new agreement. District Engineer Lee reported under tribal law, AB 52, staff must consult with proper tribal council before the CEQA process begins.

District Engineer Lee reported staff has met with the Miwok Tribe three times. The Tribe was concerned that staff would be digging and constructing, which will destroy the artifacts in the ground. District staff met with the Miwok Tribe Board to explain there is not construction, rather installation and removal of flashboards within our existing concrete structure. The Tribe also accompanied staff on a trip to see the dams and facility and gain a better understanding of District processes. Staff took the Tribe to Bellota as it is the confluence of three creeks. While there, the Tribe noted a rock formation often used to make arrowheads. District Lee reported after seeing what is typically done, the Tribe is accepting to what is being proposed under the CEQA document.

President McGurk inquired if meeting with the Tribe is part of the CDFW requirements for completing this document. District Engineer Lee replied yes.

Director Cortopassi inquired if the Tribe charged staff for the meetings and walk-through. District Engineer Lee replied no, however, if there are ongoing projects the Tribe recommends you hire their experts to conduct the work. The Tribe advised they have experts that can assist and will monitor as the work is conducted.

President McGurk inquired if staff is working with the United States Army Corps of Engineers (USACE). District Engineer Lee reported because there is no new digging or dredging, the USACE does not need to be involved.

District Engineer Lee reported the handout identifies the areas with endangered species and habitats where animals are found recently. Some of these species include the Yellow-Billed Cuckoo; Giant Garter Snake; California Red-Legged Frogs and Valley Elderberry Longhorn Beetle. District Engineer Lee reported the handout states the District will do mitigation measures according to the County's HCP for take. If there is no construction, which includes digging, these mitigation measures are unnecessary for regular operations. If digging occurs, staff will follow the mitigation measures.

Director Cortopassi inquired how mitigation is done. District Engineer Lee reported it depends on the species. When the bird species are nesting, you need to avoid loud noises. As for the garter snakes, you need to avoid excavating if the snakes are sleeping to prevent potential injury.

Director Cortopassi inquired if fish are disturbed during a project, if their mitigation is to move rocks elsewhere. Manager Moody replied a good example is the mitigation done at the McGurk property. A biologist is onsite for the entirety of the project and screens are installed downstream to catch anything that made it past a certain point. This is a minor example of mitigation. In a construction project, a garter snake den may have to be relocated if it is in the working area.

Manager Moody reported the CDFW is trying to ensure that we do nothing more than routine maintenance under the agreement. District Engineer Lee added, staff does not want to make the agreement too narrow, in the event riprap needs to be placed. Staff is adding mitigation measures to the document in the event something more than routine maintenance needs to be completed, so that the District is covered.

District Engineer Lee reported staff plans to send a draft to the State Clearinghouse by the end of the week, which would start the 30-day comment period. This item was for information only.

6. Ability To Pay Information/Discussion

Manager Moody provided the Board with information on the Ability to Pay (ATP) Study. Manager Moody reported staff inquired with Steve Pavich, United States Bureau of Reclamation (USBR) regarding the period that would be studied in a new ATP. Mr. Pavich reported it would be the most recent 5-years for which data is available, which would be 2012-2016.

Manager Moody reported there will be further discussion on this after the upcoming trip to Washington DC, where the group will inquire with the USBR on the ATP. A couple things to consider when deciding to move forward with a new study would be to evaluate the period of time that will be measured and who will be involved in this at the USBR. This item was for information only.

E. COMMITTEE REPORTS (None)

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 03/26/18

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 205,939 AF in storage at New Hogan Reservoir. Current releases are set at 102 cfs. There is 2,001,123 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 204 cfs and release to all water users are set at 420 cfs. The water treatment plant is currently processing 16 mgd. The City of Stockton is currently processing 14 mgd.

Manager Moody reported by end of day the District will be out of encroachment.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3 and F2a-4.

3. Report on General Manager Activities

a. ACWA State Legislative Committee Meeting, 03/23/18

Manager Moody attended the March 23, 2018 ACWA State Legislative Committee Meeting. Manager Moody reported there was discussion on the omnibus bill and ACWA's fight to ensure the monies were kept in existing omnibus bill for forest fires. There was discussion on SB 623 (Monning) regarding the tax on water. There are discussions at the Capitol, some of which ACWA is involved in. ACWA conducted an independent poll that showed 73% of Californians are against a tax on water, ACWA is now trying to sway the Brown Administration from putting this in as a budget trailer bill. There was discussion on the storage and water commission and the failure of all projects to qualify under public benefit. The commission has an issue that the requirements are too tough to qualify for; therefore, the commission is rewriting the requirements. Manager Moody reported there was discussion on long-term conservation. One issue with long-term conservation is reuse of water. There are entities that have spent ~\$1 billion in infrastructure for reusing water. The state is recommending these entities only get a 10% credit for reuse of water. There was a long discussion amongst the Committee that no less than a 30% credit will be accepted. There was discussion on the State Water Board on Permanent Prohibitions Status. It seems as if the State Water Board will be ignoring all letters of opposition that were sent in. Manager Moody reported by March 30th the State Board is expected to put out the Final Water Quality Plan, which means they will still be requiring a minimum of 40% unimpaired flow criteria. The next regular meeting is scheduled for April 13, 2018.

b. Central Valley Project Improvement Act – Croffsets Workshop Presentation, 03/23/18

Assistant Manager Johnson and Finance Director Vega attended the March 23, 2018 Central Valley Project Improvement Act – Croffsets Workshop Presentation. Finance Director Vega reported at the last meeting, Travis Aberle, Assistant Regional Director for the United States Bureau of Reclamation (USBR) requested the decision makers to attend the Croffsets Workshop to build a consensus to provide a credit to the hydroelectric users.

As Finance Director Vega reported in previous meetings, water users have voiced concerns about the credit. The credit is based on an ECO Report, which stands for expenditures, credits and offsets. This report lists obligations attributable to both water and power users. This implies that even though we pay a specific rate for restoration, in the future there could be further obligations. Water users note that the current obligation is ~\$1.1 billion. The USBR wants to give the credit to power contractors because they have an out in their contract, which means they could potentially leave the CVP project.

Finance Director Vega reported if power contractors leave there would be ~\$80 million that would need to be made up yearly in appropriations requests. In order to alleviate concerns that water users have, USBR recommended a parallel proposal. Finance Director Vega reported one track would give the power users a \$10 million credit initially, to allow contract negotiations for the upcoming year. Simultaneously, the USBR committed to work on all deficiencies that the ECO Report shows.

Finance Director Vega reported as representatives of the District conveyed the District will not support any proposition that ultimately would generate obligations for the District or its constituents. Westland's echoed this sentiment. Larry Bowman, President of the CVP Water Users Association mentioned if an auditor looks at the ECO Report and notices there are obligations that are not be collected that could be a potential problem.

Finance Director Vega reported as it stands it seems the USBR will be moving forward with giving the power contractors the \$10 million as a temporary fix and commit to working out the deficiencies of the report.

Finance Director Vega reported there are multiple line items listed on the ECO Report, under the obligations tab, which are questionable as restoration charges. Water or power contractors are responsible for the obligation, and will need to challenge USBR's inclusion of those items.

Finance Director Vega reported there has been nothing done so far that would harm water users, however, it should be watched.

Director Cortopassi inquired if the power contractors are a contracted user of water with the USBR. Finance Director Vega replied yes and they pay ~\$80 million per year, which is about 26%. In essence, the power contractors pay yearly into the restoration fund, based on what they have used, and they are owed a credit. Finance Director Vega reported that entities do not disagree the power contractors are owed a credit, the problem is that the USBR has no basis for how they calculate the credit.

Manager Moody reported the problem is the power contractors pay too much in restoration charges to sell their power to the Western Area Power Administration (WAPA) and make any money. The USBR states there is no way of calculating what they should receive as a credit so they picked a number to credit them. The water users want to know who will pay for that credit.

Manager Moody reported each year the USBR has a restoration budget and they have yet to meet that budget. Every year they overspend, and after the true up is completed, they roll those costs back into the rates. The law dictates the rate calculations, but the obligations are other items that may or may not be legal to charge back to the users. Manager Moody reported due to turnover at the USBR that current staff does not know what is in the codes that create the calculations or what obligations are acceptable to charge back to users.

President McGurk inquired if the USBR is fearful of losing the power contractors. Finance Director Vega replied yes, because they pay into the restoration fund, which is a revenue source for the USBR. President McGurk inquired where they would go as the equipment is at the dam. Manager Moody replied the equipment is, but the people will leave, as it is not profitable enough. This item is for information only.

G. DIRECTOR REPORTS

1. Delta Water Users Association Annual Membership Meeting, 03/21/18
Directors Atkins, Cortopassi, McGurk, Panizza Sanguinetti, Watkins and Manager Moody attended the March 21, 2018 Delta Water Users Association Annual Membership Meeting. Director Cortopassi reported Dante Nomellini provided an interesting and fresh presentation. President McGurk reported that due to a power outage, there was no power for most of the evening and John Herrick, Attorney for South Delta Water Agency was depending on using a PowerPoint for his presentation, which was unavailable without power. President McGurk reported it is a worthwhile event and the usual attendees were present.

H. COMMUNICATIONS

1. San Joaquin Council of Governments 2018 One Voice Trip Sponsorship Thank You, 03/14/18
Manager Moody provided the Board with Thank You correspondence from the San Joaquin Council of Governments regarding the 2018 One Voice Trip.

I. AGENDA PLANNING/UPCOMING EVENTS

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 5:30 p.m., 03/27/18
2. San Joaquin Council of Governments One-Voice Pre-Trip Meeting, 1:00 p.m., 03/29/18
3. San Joaquin Farm Bureau Federation Linden & Colledgeville Farm Centers – Annual Dinner Meeting, 5:30 p.m., 03/29/18

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 1:43 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:05 p.m., with no reportable action.

K. ADJOURNMENT

President McGurk adjourned the meeting at 2:06 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

