

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 26, 2019 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Panizza called the regular meeting to order at 12:24 p.m., and Director Watkins 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 Lee, Finance Director Vega, Administrative Services Manager Carido, Administrative Clerk Curtis and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

President Panizza reported Dave Eggerton, Executive Director of Association of California Water Agencies will be arriving around 1:15 p.m. and will be introduced upon his arrival.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 03/19/19 Regular Meeting

Director McGurk inquired on the following section of the minutes:

- Page 6, section F-3b, 1st paragraph, 12th sentence – inquiring what the word Croffsets is referencing. Finance Director Vega replied it is an acronym the Bureau uses to explain credits and offsets. Manager Moody added it is in relation to the hydroelectric providers.

A motion was moved and seconded to approve the March 19, 2019 Regular Meeting Minutes, as presented.

Roll Call:

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

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the March 26, 2019 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

3. 2019/2020 Chemical Services Bid Results

Manager Moody provided the Board with the 2019/2020 Chemical Services Bid results. Manager Moody reported the bid results shown are for the next fiscal year; chemical services are bid on

annually. Although a budgeted item, due to the cost, this item is brought before the Board for approval annually.

Manager Moody reported there is a 93% increase for Cationic Polymer as the District does not receive a volume discount like previous because this product is not used as often. Director Atkins inquired why the District does not use as much Cationic Polymer as previous. Assistant Manager Lee replied staff began using Acidified Alum and PACl which helps with total organic carbon removal.

Manager Moody reported the highlighted companies are those who came in as the lowest bidder.

Thatcher Co. of CA (Thatcher) was the lowest bidder for three chemicals. Currently staff is working with Legal Counsel to revise part of the indemnification language for the contract, as Thatcher will not agree to it as written. Manager Moody reported should Thatcher not be able to come to terms with the District this information will be brought back to the Board.

Director Cortopassi inquired on whom the District currently contracts with for Chlorine. Assistant Manager Lee replied Jones Chemical Co.; they came in \$1 higher than the lowest bid. Manager Moody commented Thatcher bought out Sierra Chemical, with whom the District previously had carbon tetrachloride issues.

Director Atkins inquired if the District has had any issues with Jones Chemical Co. Manager Moody replied no. Directors Sanguinetti and Watkins commented they would not change Chlorine vendors for a \$1 difference, if there have not been issues with the current vendor.

Director Sanguinetti recommended when the Board is provided this memo next year, to also list the companies in which the District is currently buying chemicals from as well.

Director McGurk made a motion to approve the Chemical Bid contracts as presented. There was discussion on amending the motion to approve the Chlorine contract to Jones Chemical Co. Director McGurk amended his motion to accept staff's recommendation with the one change to the Chlorine vendor.

A motion was moved and seconded to award the 2019 Chemical Bids to Thatcher Co. of CA in the amount of \$375/dry ton for Liquid Alum; Thatcher Co. of CA in the amount of \$578.70/dry ton for 5% Acidified Alum; Polydyne Inc. in the amount of \$1,300/liquid ton for Cationic Polymer; Brentagg Pacific in the amount of \$685/dry ton for Caustic Soda; CalChem, LLC. in the amount of \$689/liquid ton for PACl; Northstar Chemical in the amount of \$660/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, Watkins

Nays: None

Abstain: None

Absent: None

4. New Hogan Conveyance System – 2019 Water Operations

Manager Moody provided the Board with information on the 2019 water operations on the New Hogan Conveyance System. Manager Moody reported this is the annual information provided to the Board regarding the dam installation schedule.

Manager Moody reported he reached out to Marchia Bond regarding the District wanting to lower the flow to 20 cfs beginning April 1, 2019 to begin to dry out the waterways to help when rebuilding McGurks dyke. Ms. Bond requested the District reach back out when the District is out of encroachment.

Manager Moody reported staff will move forward with this schedule as presented. If anything changes or releases cannot be lowered that information will be brought back to the Board.

Director Cortopassi inquired when the District takes control of the Dam. Manager Moody replied anytime the Dam is not in encroachment the District is considered the Dam Master.

Manager Moody reported staff is still working on obtaining information on the Tainter Gate Project and will update the Board as soon as the information is available. This item was for information only.

5. Association of California Water Agencies – Executive Director Dave Eggerton Introduction
Dave Eggerton, Executive Director of Association of California Water Agencies (ACWA) provided his introduction upon his arrival at 1:05 p.m.

President Panizza introduced Mr. Eggerton to the Board as the new Executive Director of ACWA. Mr. Eggerton thank President Panizza and the Board for their time. Mr. Eggerton expressed he has been on the job for a little over 100 days. He has previously worked with Director Atkins while they sat on ACWA’s State Legislative Committee and has worked with Manager Moody when he was General Manager of Calaveras County Water District (CCWD).

Mr. Eggerton reported he firmly believes that he has a job because of the Member of ACWA. Thus, the work of ACWA needs to be of value to its members. He has been in discussion with his team about the value they are delivering to their members and how to keep costs down and keep from raising membership dues.

Mr. Eggerton reported there is currently much discussion at ACWA regarding groundwater recharge and beneficial use, and SEWD has been a leader in that area.

Sustainable Groundwater Management Act (SGMA) continues to be of emphasis for ACWA, in addition to the water tax. The biggest concern about the water tax is the precedence it would set for any agency who bills for water.

Mr. Eggerton reported at ACWA’s Board Meeting on Friday, March 29th there will be discussion on ACWA moving locations. ACWA is looking into whether they can remodel the building where they currently reside or if they should move to the building where the Delta Stewardship Council is located. The recommendation to the Board will be to consider moving buildings and entering into a 10-year contract. If this were to pass, ACWA would sell the building they currently reside in. The funds from the sell could pay off their Other Post-Employment Benefits and could help eliminate the membership increases the Board is looking into.

Mr. Eggerton reported that Manager Moody is a leader in ACWA and provides good input during meetings. He then opened the floor for questions.

Director Sanguinetti thanked ACWA for forming the Agriculture Committee. Director Sanguinetti reported this is an important Committee because water issues are now Ag issues and SGMA plays a large role on agriculture. This Committee is a good place to voice concerns. Mr. Eggerton replied that a positive aspect of this Committee is that it gets people involved who would not ordinarily participate in this area. He added that the Agriculture Committee placed a large role in determining the programs that will be offered during the upcoming Spring Conference.

Manager Moody commented that it is nice to have ACWA's Executive Director be someone who understands headwater issues, northern California water issues and forest management. This will make it easier for agencies to discuss water issues in the northern part of the state.

Director Cortopassi inquired to what degree is ACWA working on groundwater recharge issues. Mr. Eggerton replied they are working on both the administrative and legislative sides to help make it easier to bank water. ACWA is doing what it can to support implementation of GSPs, while also working on helping members find additional surface water for recharge, to help with compliance of SGMA.

Director McGurk inquired if ACWA has to reach out to lobbyists during wet years or if the lobbyists reach out to ACWA to discuss current water conditions. Mr. Eggerton replied it is all about the relationships and key people within an organization. Mr. Eggerton added that he meets with John Watts from Senator Feinstein's office regularly to discuss any issues in which the Senator may be interested. This communication helps give either side a heads up on what is coming down on the state side of issues.

Director Atkins inquired what ACWA's perspective is on surface water storage. Mr. Eggerton replied they would like to see Proposition 1 funding spent and projects built. It will be a challenge to get recognition that storage has to be included.

Director McGurk inquired if Mr. Eggerton is on a regional tour or a complete tour of ACWA member agencies. Mr. Eggerton replied he is trying to balance being in the office and building relationships with his team and connecting with member agencies. He would like to come back to SEWD to spend some time on the ground. The more he can speak to projects, efforts and challenges of the District, the better prepared he can be to help.

E. COMMITTEE REPORTS

1. Agriculture Operations Committee Meeting, 03/22/19

Director Atkins, Cortopassi, Watkins and Alternate Sanguinetti attended the March 22, 2019 Agriculture Operations Committee Meeting. Director Cortopassi reported Finance Director Vega provided the Committee with spreadsheets outlining different scenarios for water rates. Director Cortopassi reported the Committee will be recommending to the Board a groundwater extraction fee of \$5.36/AF; surface water assessment of \$23.00/AF and domestic unit assessment of \$45.50/domestic unit. Director Watkins commented that the groundwater and domestic unit assessments were raised, but the surface water rate was not. Director Cortopassi reported there was discussion on Rule No. 120 – Mandatory Required Notice to District by Owner of Diversion of Stream Delivered Water. Staff has worked to organize this rule and will be working with Legal Counsel for final review before it is brought to the Board for consideration and approval. Manager Moody reported if there are no substantial changes to Rule No. 120 it will be brought directly to the Board. If there are extensive edits, it will be taken to the Committee for a final

review before the Board. President Panizza inquired when all information will be brought to the Board for consideration and approval. Manager Moody replied the Notice of Public Hearing will be published in The Stockton Record this Saturday advising of the Public Hearing at the April 9, 2019 Regular Board Meeting. Director Watkins reported in light of the USBR not allowing the District to sell water out of District and not knowing if the District would be able to purchase water from South San Joaquin Irrigation District, the out of District water rate will need to be revisited at a later date when more information is available. Director Watkins suggested holding an all Board workshop to discuss Proposition 218 and the rate cap. There needs to be a determination made at the Board level on these issues. Legal Counsel Zolezzi advised she is looking into both of these topics at the request of Manager Moody and will be putting together recommendations for the Board. Director Watkins added there is no rush to schedule this workshop as the rates have been approved by the Committee and will be set for this year. President Panizza suggested staff evaluate the time they need to get prepared for this meeting and when they are satisfied that they are ready to meet they can bring dates and times to the Board.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 03/25/19

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 203,388 AF in storage at New Hogan Reservoir. Current releases are set at 97 cfs. There is 2,019,878 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 4,508 cfs and release to all water users are set at 4,965 cfs. There are no irrigator(s) on New Hogan, New Melones or Out-of-District. The water treatment plant is currently processing 18 mgd. The City of Stockton is currently processing 14 mgd.

2. Information Items:

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

3. Report on General Manager Activities

a. Groundwater Sustainability Agency (GSA) Forum, 03/21/19

Assistant Manager Lee attended the March 21, 2019 Groundwater Sustainability Agency (GSA) Forum. Assistant Manager Lee reported the morning session discussion focused on GSPs for medium to low priority basins as higher priority basins are well on their way. There were many questions asked about how to put a GSP together. There were speakers from San Luis Delta Mendota water district area, Yolo County, and Tulare County. It was apparent that these agencies are experiencing the same growing pains this basin has already gone through. Assistant Manager Lee reported the afternoon speaker discussed how to get the public involved by sending out notices and holding workshops. It seems this basin is ahead of those who attended this forum, which is good as we are part of a critically over-drafted basin.

b. Groundwater Sustainability Agency Water Balance Discussion, 03/21/19

Director Watkins, Manager Moody and Assistant Manager Lee attended and Legal Counsel Zolezzi called into the March 21, 2019 Groundwater Sustainability Agency Water Balance Discussion. Manager Moody reported this was a discussion with the Consultants who are writing the GSP. The Consultants provided specific water balance numbers and after review, it was determined that there were large swings in the numbers. An example of this swing was

groundwater pumping; depending on the year type, the figure was 20,000-25,000 AF more than what the District billed. Another example would be the credit received from the river and infiltration, which was 40,000-50,000 AF less than other GSAs. Manager Moody reported the Consultants advised the numbers can be changed; it just helps to have the information to compare against other districts. Manager Moody reported there was good progress made during this meeting. Manager Moody reported at some point the SEWD Board will need to provide President Panizza with direction for the Consultants. At the next JPA Board meeting, the Consultants will be providing this information and these numbers and will notate which GSAs disagree. They will need to move forward though to meet the deadline, so there will not be much time to make a decision. Legal Counsel Zolezzi added that it is frustrating that the Consultants are pushing to meet this deadline, but in the process are glossing over errors. By looking at the model, GSAs cannot tell if it is correct or not because GSAs only know their numbers and not every agencies numbers. Legal Counsel Zolezzi added the only way the model can be checked thoroughly is by each GSA checking their own numbers. Director Watkins commented some numbers might not be corrected because the numbers have been misrepresented since the beginning. Legal Counsel Zolezzi reported some agencies are grappling with their numbers because they now have to demonstrate through data how they arrived at the number they provided. Legal Counsel Zolezzi reported she is not comfortable submitting a plan saying the District is not balanced, without having the accurate information to start with. Director Cortopassi inquired if the groundwater pumping in the model is an accurate reading. Manager Moody replied that information is based on statewide averages for cropping patterns, it was not a figure submitted by SEWD.

c. Stockton East Water District Activities Update

Manager Moody inquired with the Board on who is interested in attending the April 18, 2019 Tour of New Hogan Dam. Directors Atkins, Cortopassi, McGurk, Sanguinetti and Watkins advised they will attend. President Panizza inquired how many RSVPs have been received from outside the District. Manager Moody replied two.

Manager Moody reported he has vacation hours he must use before the end of the Fiscal Year and will be taking the day off on Friday, March 29th.

G. DIRECTOR REPORTS

1. Delta Water Users Association – Annual Membership Meeting, 03/20/19

Directors Atkins, Cortopassi, McGurk, Panizza Sanguinetti, Watkins and Manager Moody attended the March 20, 2019 Delta Water Users Association Annual Membership Meeting. Director Watkins reported John Herrick, Attorney for South Delta Water Agency gave a presentation. Director Cortopassi added an updated was given on all activities. Director Sanguinetti reported Dante Nomellini, Attorney for Central Delta Water Agency spoke about meters that have been places along the Delta.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 5:30 p.m., 03/26/19

This meeting has been cancelled

2. San Joaquin Farm Bureau Federation Linden & Colledgeville Farm Centers – Annual Dinner Meeting, 5:30 p.m., 03/28/19

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)
2. Closed Session - Real Property Negotiations
Government Code 54956.8
3. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

President Panizza adjourned the meeting to closed session at 1:55 p.m. to discuss closed session agenda items. The regular meeting reconvened at 3:01 p.m., with the following reportable action:

A motion was moved and seconded to authorize President Panizza to execute the two Settlement Agreement and Releases with Whittle Ranch, Inc. and Donald and Nancy Whittle.

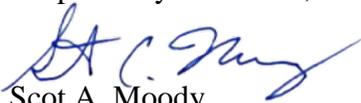
Roll Call:

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

K. ADJOURNMENT

President Panizza adjourned the meeting at 3:03 p.m.

Respectfully submitted,


Scot A. Moody
Secretary of the Board

tbc

