

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, MAY 21, 2024 AT 12:30 P.M.

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Atkins called the regular meeting to order at 12:30 p.m., and Administrative Assistant Rodriguez led the Pledge of Allegiance.

Present at roll call at the District were Directors Atkins, Cortopassi, McGurk, Nakaue, Panizza, Sanguinetti and Watkins. Also present were Manager Hopkins, Assistant Manager Vega, Finance Director Ram, District Engineer Evensen, Administrative Assistant Rodriguez, Legal Counsel Zolezzi and Consultant Barkett.

B. CONSENT CALENDAR

1. Director Atkins requested the Board to make an emergency addition to the agenda. Director Atkins presented the Board with a memo to Consider Approval of Proposed Contract and Budget Amendment for CCTV Inspection of Bellota Pipeline.

A motion was moved and seconded to add one item to the May 21, 2024 Regular Board Meeting as Agenda Item No. D-6, Stockton East Water District - Consider Approval of Proposed Contract and Budget Amendment for CCTV Inspection of Bellota Pipeline Memo, as presented.

Roll Call:

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

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 05/14/24 Regular Meeting
Director Atkins provided the Board with a handout for the May 14, 2024 minutes.
Director Atkins addressed the following correction:
 - Page 3, section 6, 5th paragraph.

A motion was moved and seconded to approve the May 14, 2024 Minutes, as presented.

Roll Call:

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

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. Summary

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

Director McGurk inquired on the expense on page 17, line item 41 A T.E.E.M Electrical Engineering for Electrical Improvements of MCC-5M March/April 2024 in the amount of \$4,850.00. Manager Hopkins replied A T.E.E.M. is designing the improvements for MCC-5M.

Director McGurk inquired on the expense on page 17, line item 45 GEI Consultants Inc for Professional services for Aquifer Storage/Recovery study 02/24/24-04/25/24 in the amount of \$104,180.75. District Engineer Evensen replied it is an ASR well design with a contracted amount of \$595K.

Director McGurk inquired on the expense on page 17, line item 48 JCI Jones Chemical Inc for Chlorine delivery on 04/23/24 and 05/06/24 in the amount of \$19,954.42. Manager Hopkins addressed the Board it is sodium hypochlorite and not chlorine gas.

Director Panizza inquired on the expense on page 17, line item 41 A.T.E.E.M Electrical Engineering for Electrical Improvements of MCC-5M March/April 2024 in the amount of \$4,850.00. Assistant Manager Vega replied it is a partial bill.

Director Sanguinetti inquired on the expense on page 18, line item 55 Stockton Scavengers/ Waste Management Corp for 20-yard bin and dump fees for period 04/01/24-04/30/24 in the amount of \$1,587.77 and line item 56 Stockton Scavengers/ Waste Management Corp for April/May 2024 garbage service @6767 East Main St in the amount of \$1,076.72. Assistant Manager Vega replied the District has a 4- yard and 6-yard dumpster.

Director Cortopassi inquired on the expense on page 11, line item 6 Control Point Engineering Inc for Phase V SCADA upgrades project services 01/01/24-03/31/24 for the amount of \$307,220.00. Manager Hopkins replied it is for three months' worth of billing.

A motion was moved and seconded to approve the May 21, 2024 Warrants, as presented.

Roll Call:

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

3. Stockton East Water District – Approval of a PPA with White Pine Renewables for Solar System With (BESS) Memo

Manager Hopkins provided the Board with an Approval of a PPA with White Pine Renewables for Solar System With (BESS) Memo. Manager Hopkins reported the District staff has been working with an ad-hoc committee of Board members to investigate different options to decrease the Districts' on-going energy cost. Since 2019 the Districts' PG&E electrical cost has doubled, therefore, the District worked with various consultants, contractors and vendors to identify possible options for energy in leu of the PG&E power. Manager Hopkins also reported through the ad-hoc committee the option recommended for presentation of the Board was a Power Purchase Agreement for a ground mount system specifically with White Pine Renewables. Assistant General Manager Vega reported the ad-hoc committee met several times from January through April in which the committee met to discuss the options the District had to combat rising electricity costs, especially

demand charges. The committee weighed different solution including investing in additional solar facilities and battery storage solutions. Assistant Manager Vege reported the committee weighed several aspects of adding solar including: district owned vs PPA, standalone solar vs solar with BESS, and ballasted, ground-mounted solar vs floating solar. After staff presentations and Committee discussions, the Committee directed staff to present a proposal for a Power Purchase Agreement with White Pine Renewables for its ground mounted (ballasted) system with BESS to the full Board. Evan Riley, the CEO and managing partner of White Pine Renewables, presented to the Board. White Pine Renewables is a California-based company with offices in Fresno and San Francisco which focuses on providing solar energy storage solutions to irrigation districts, water districts, water treatment plants, food processors, and cold storage. Mr. Riley reported White Pine has thirty projects in operation and six projects in construction. White Pine's business model is selling electricity at a cost which is lower than PG&E. Mr. Riley mentioned the scope of White Pine Renewables which is development, entitlement, PG&E interface, construction, financing and long-term ownership and authorization to the project. Mr. Riley reported they do not get paid their last dollar until the District receives the last dollar of savings. Mr. Riley explained the project which contemplates solar at a pre-agreed price over thirty years which includes batteries, electrical distribution line to connect to the PG&E meters with the batteries and solar allowing the electricity to first be consumed on site before any of the electricity gets back to PG&E. The Districts' PG&E historic rate escalation in energy rates is 8.6% per year and demand rates at 11.7% per year. White Pine future rate escalation assumption on energy rates per year is at 4% and demand rates per year 8%. Mr. Riley reported they will not go up more than 1.9% per year over the life of the project.

Director McGurk inquired when does the life of the project end. Mr. Riley replied the project itself is designed to have a thirty-five year useful life, the panels are warranted for thirty years and the batteries have a warranty for fifteen years, with replacement costs built into the PPA. The power poles, transmission lines and the transformers will have a useful life of fifty years.

Director Nakaue inquired if it is important to the District how much the solar is being produced per kw/hr. Mr. Riley replied yes, because White Pine is 30% cheaper than PG&E therefore, the more electricity the District purchases from White Pine, the more the District will save.

Director Panizza inquired how does White Pine Renewables solar panels interact with the Districts' existing solar panels. Mr. Riley replied there are two different ways it interacts since the current panels the District has are on a separate circuit behind the main meter White Pine will place the project on. The panels will be in different circuits. The current solar panels the District has will be increased in value by \$80K in year one.

Director Sanguinetti inquired how White Pine Renewables stands financially. Mr. Riley replied White Pine is financially backed by publicly traded banks in the Midwest and North Carolina. The two banks White Pine primarily works with are West Town Bank and Trust and Pathward Financial which are both FDIC insured.

Director Watkins inquired how will White Pine solar facility interface with the Districts' current solar facility and generators when the District loses energy from PG&E. Mr. McClean replied their solar panels and battery storage are not for emergency power and the District still needs the standby generators to run the water treatment plant until PG&E comes back online. As sized, The batteries will not be capable of running the whole treatment plant. Discussion followed.

A motion was moved and seconded to authorize the General Manager to approve a Power Purchase Agreement with White Pine Renewables for a cost per Kilowatt-Hour of \$0.174 for year one and a yearly escalation factor of 1.90% and make all other necessary approvals, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: None

4. Stockton East Water District – Approval of Memorial For Late District Director Loralee McGaughey Memo

Manager Hopkins presented the Board with the Approval of Memorial for Late District Director Loralee McGaughey Memo. Manager Hopkins reported on May 14, 2024 the Board was presented with some ideas for a potential memorial for late Director Loralee McGaughey. The Board was presented with a courtyard style bench or a plaque dedicating the sodium hypochlorite facility. Manager Hopkins also reported the sodium hypochlorite facility was previously dedicated to the full Board therefore staff recommends the Board authorize the purchase of the courtyard style bench for a cost not to exceed \$1,000 and requests the Board provide direction for the bench placement.

Director Watkins suggested the courtyard bench be placed in the front of the parking lot.

Director Panizza inquired where in the parking lot the bench would be placed. Manager Hopkins replied wherever the Board members desire to place it.

Director Cortopassi suggested purchasing a marble or granite bench instead of a steel bench.

There was a consensus of the Board to purchase a bench for a cost not to exceed \$1,000 for late District Director Loralee McGaughey.

5. Stockton East Water District – Consider Adoption of Resolution 24-25-02 Authorization to Enter into an Agreement with the USBR to Modify the Service Area set Forth in Exhibit A of CVP Contract Number 4-07-20-W0329 Memo

Manager Hopkins presented the Board to Consider Adoption of Resolution 24-25-02 Authorization to Enter into an Agreement with the USBR to Modify the Service Area set Forth in Exhibit A of CVP Contract Number 4-07-20-W0329 Memo. Manager Hopkins reported on June 7, 2023 the District sent a letter to the U.S. Bureau of Reclamation requesting a modification of the Districts' Central Valley Project Contract. Manager Hopkins replied the specific modification requested was to change Exhibit A, which identifies the contract service area, and to replace the Districts' outdated pre--2004 District boundary with the existing New Melones Reservoir place of use boundary. Manager Hopkins also reported the District has been working with Congressman Harder's office to have some federal bill language which forces the U.S. Bureau of Reclamation to make the Districts' requested changes, which is concurrently moving forward and recommended the District to proceed under the Letter of Agreement since it will be the same process the District will be going through. Manager Hopkins reported the Letter of Agreement does require the District to pre-pay the estimated cost of the U.S. Bureau of Reclamation services which they estimate not to exceed \$25,000. If the cost is greater than \$25,000 the District will have to pay the remaining balance and if it is under \$25,000 the District will receive a refund. District staff recommends the Board of Directors adopt Resolution 24-25-02 to authorize the General Manager to enter into an agreement with the U.S. Bureau of Reclamation to modify Central Valley Project Contract Number 4-07-20-W0329.

Director Cortopassi inquired if the District has determined the total of the encompassing area will be. Legal Counsel Zolezzi replied no, they are studying the area. Manager Hopkins replied the resolution is to authorize the General Manager to sign the Letter of Agreement.

A motion was moved and seconded to adopt Resolution 24-25-02 to authorize the General Manager to enter into an agreement with the U.S. Bureau of Reclamation to modify Central Valley Project Contract Number 4-07-20-W0329, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

6. Stockton East Water District – Consider Approval of Proposed Contract and Budget Amendment for CCTV Inspection of Bellota Pipeline Memo.

Manager Hopkins provided the Board to Consider Approval of Proposed Contract and Budget Amendment for CCTV Inspection of Bellota Pipeline Memo. Assistant General Manager Vega reported the Bellota Pipeline was originally constructed in 1975 to provide water to the District's water treatment plant. Over time, the pipeline has developed leaks and required repairs, with the most recent leaks occurring earlier this month. Deferred maintenance and malfunctioning air release and vacuum valves (air valves) along the Bellota Pipeline are suspected as the cause for pipeline damage and flooding on the property of growers within the last month. District staff have been working to repair the obvious pipeline damage and replace the air valve setups along the pipeline. Assistant General Vega reported the District currently has an active contract with Stantec Consulting Services, Inc. for the formulation of a master plan for the DJW WTP, a 20-year capital improvement plan (CIP), and the assessment of 1.4 miles of the Peters Pipeline. Assessment of the Bellota Pipeline was omitted due to budget limitations. Assistant Manager Vega reported due to the recent pipeline damage, District Staff proposes extending the pipeline assessment to the Bellota Pipeline and an inspection of the Bellota Pipeline would provide data for Stantec to create a more accurate analysis of District facilities for the master plan and identify areas that may require more immediate remediation. A closed-circuit television (CCTV) inspection would provide valuable information on the condition of the Bellota Pipeline. This inspection will inform the specific need for repairs before District Staff backfill the pipeline entry points during the critical pipeline repairs. Assistant General Manager Vega also reported the District has \$3,000,000 set aside for potential purchase of surface water from Oakdale Irrigation District and South San Joaquin Irrigation District. However, given the past winter's precipitation, the purchase will not be required for the water treatment plant to have sufficient supply. As such, the amendment will not negatively affect the water treatment plant operations. Staff respectfully recommends the Board authorize the proposed budget amendment as presented in Table 1 and authorize the General Manager to approve a contract amendment for CCTV Inspection of Bellota Pipeline with Stantec in the amount of \$42,105, plus a 20% contingency of \$8,421, for a total of \$50,526 and make all other necessary approvals.

Director Cortopassi inquired on what the benefits are if the District would use a CCTV on the Bellota Pipeline. District Engineer Evensen replied it gives staff an idea of the pipe condition and the longevity of the pipe and when the District should replace or repair the pipe.

Director Watkins inquired if the leaks staff are repairing at the Machado property were caused by rubber gasket failure at the joints or fractures in the pipe. District Engineer Evensen replied it appears that the leaks are at the pipe joints. Discussion followed.

A motion was moved and seconded to approve the proposed budget amendment as presented in Table 1 and to authorize the General Manager to approve a contract amendment for CCTV Inspection of Bellota Pipeline with Stantec in the amount of \$42,105, plus a 20% contingency of \$8,421, for a total of \$50,526 and make all other necessary approvals, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

E. COMMITTEE REPORTS

1. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 05/15/24

Director McGurk attended the San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting. Director McGurk reported Seth Roselle (Consultant) gave a presentation. SJAFCA is the process of conducting an assessment to build up levees; the assessment is called Mossdale Overland Assessment District (OAD). Director McGurk reported thirty percent of the money will be coming from already existing assessment from the county and seventy percent balance will be coming out of assessment fees. Director McGurk also reported the San Joaquin County Deputy Director, Emergency Operation Tiffany Cacho gave a presentation and the new Water Resources Manager Ashley Couch introduced himself.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 05/14/24

Manager Hopkins 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 238,653AF in storage at New Hogan Reservoir. Current releases are set at 148 cfs. There is 2,090,401 AF in storage at New Melones Reservoir. Current releases are set at 1,875 cfs. Current release at Goodwin Dam to Stanislaus River is set at 1,348 cfs and release to all water users is set at 2,609 cfs. The District Water Treatment Plant (WTP) is currently processing 44 mgd. North Stockton is currently utilizing 9 mgd. South Stockton is currently utilizing 6 mgd. Cal Water is currently utilizing 23 mgd. The City of Stockton WTP is currently processing 17 mgd.

2. Information Items:

- a. Manager Hopkins noted items: F-2a, F-2b and F-2c

3. Report on General Manager Activities

- a. ACWA State Legislative Committee Meeting, 05/17/24

Manager Hopkins attended the ACWA State Legislative Committee Meeting. Manager Hopkins reported SB1147 which will be directing the California State Water Resources Control Board to develop public health goals for microplastic in drinking water including bottled water and the second bill was AB2060 to exempt the temporary flood water diversion permits from having to secure a Lake and Stream Alteration Agreement from California Department of Fish and Wildlife with AWCA taking a favored position. Manager Hopkins also reported a last-minute

update which was not presented at the ACWA State Legislative Committee Meeting but was received in an email. AB2079, which is legislation proposing an end run around SGMA using land subsidence criteria to prevent the issue in some well permits, passed the Assembly floor on May 20,2024.

- b. CVP Water Association – Executive and Financial Affairs Committee Meeting, 05/17/24
Manager Hopkins reported this meeting was postponed until May 31, 2024.
- c. Stockton East Water District Activities Update
Manager Hopkins reported the District participated at the Linden Cherry Festival parade with the attendance of Director Atkins and two District managers, a new banner was placed on one of the District vehicles to show the audience the work the District does. Assistant General Manager Vega created a QR code which was also displayed in the banner so the audience would be able to scan the QR code and be directed to the SGMA part of our website.

Manager Hopkins reported on Monday the District launched a new program for the employees, the Employee Spotlight. Two of the District employees were spotlighted, which were Alejandra Rangel the Districts’ Accountant and Ryan Welch, Senior Water Treatment Plant Operator. The employee spotlight will also be posted on the Districts’ LinkedIn account.

Manager Hopkins reported staff is working with the Districts’ environmental consultants for the Bellota project, Fishbio and their subconsultant have started paperwork to begin the engagement process with the San Joaquin Council of Governments to see if the District could participate in the San Joaquin County habitat conservation plan to decrease the Districts’ mitigation cost. Manager Hopkins reported it will potentially be discussed in the June committee meeting for San Joaquin Council of Governments.

- 4. Stockton East Water District Engineering Update
District Engineer Evensen provided the Board with a presentation on the District’s projects which included the completed Delucchi Crossing, Raise LFC Bridge 6 Survey, Bellota Pipeline Air Valve Replacements, LLPS Pump P-1 Install, and Security Gates and Fencing. District Engineer Evensen provided an update on the design and permitting process for projects which include the Water Supply Mater Plan and CIP, Water Treatment Plant Master Plan and CIP, George Watkins Low-Water Crossing, Eight Mile Dam and Grants including the SWEEP Block Grants.

G. DIRECTOR REPORTS

- 1. ACWA 2024 Spring Conference & Expo, 05/07/24 – 05/09/24
Director Nakaue, Assistant General Vega and District Engineer Evensen attended the ACWA 2024 Spring Conference & Expo. Director Nakaue reported the opening keynote speaker for the second day of the ACWA Conference was Gavin Newsom. Gavin Newsom spoke about the Sites Reservoir and how great the new, redesigned tunnel is and changing the intakes and rerouting where the tunnel is going to go. Director Nakaue also reported he attended the How to Play Nice session which was based on how you get everyone to agree which focused on having a good relationship with the Native American tribes and allowing fishing. Assistant Manager Vega reported the AG Committee had a presentation from Land IQ which is an entity who does land use mapping. They have surveyed 460,000thousand fields which is 9, 550,00 million acres which according to them is 97.6% accurate. Assistant Manager Vega reported Land IQ has completed mapping from 2018-2023 and have tallied what is prevalent in the different regions. Assistant Manager Vega also reported the Groundwater Committee had an update from Department of

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DraftApproved

Water Resources (DWR) which were seventy-one approved basins for the SGMA plans with thirteen already complete and six are inadequate. All basins are required to submit annual reports regardless of their status. Discussion followed.

2. 2024 WEF-Bay Delta Tour, 05/15/24

Director Sanguinetti, Director Watkins and Manager Hopkins attended the 2024 WEF-Bay Delta Tour Dinner. Director Sanguinetti reported it was a successful dinner with Legal Counsel Zolezzi being one of the speakers.

3. F&M Bank Annual Evening At The Ball Park, 05/16/24

Director McGurk, Director Watkins and Manager Hopkins attended the F&M Bank Annual Evening At The Ball Park. Director McGurk reported Santa Clara Broncos had a great sixth inning, scoring six runs.

H. COMMUNICATIONS

1. Woodbridge Irrigation District Luncheon, 11:00 a.m., 06/13/24

Manager Hopkins reported the Directors were invited to the Woodbridge Irrigation District Luncheon to celebrate their 100th year anniversary.

I. AGENDA PLANNING/UPCOMING EVENTS

1. District Holiday – Memorial Day, 05/27/24

J. REPORT OF THE COUNSEL

1. CONFERENCE WITH LEGAL COUNSEL – Personnel Government Code 54957

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Potential exposure to litigation – Government Code Section 54956.9 – two cases

President Atkins adjourned the meeting to closed session at 2:29 p.m. The regular meeting reconvened at 2:41 p.m., with no reportable action.

K. ADJOURNMENT

President Atkins adjourned the meeting at 2:42 p.m.

Respectfully submitted,



Justin M. Hopkins
Secretary of the Board

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