

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 20, 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 Director Cortopassi 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 Vega, Administrative Services Manager Carido, Administrative Clerk Curtis and Legal Counsel Zolezzi.

**B. CONSENT CALENDAR** (None)

**C. PUBLIC COMMENT** (None)

**D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS**

1. Minutes 03/13/18 Regular Meeting

Director McGaughey inquired on page 3, section D-6, 7<sup>th</sup> paragraph, last sentence, if “This item was for information only” means no action was taken. Manager Moody replied yes, this was an informational item and the water rates will be brought to the Board in the coming weeks for consideration and approval.

Manager Moody reported Finance Director Vega inquired with Steve Pavich, United States Bureau of Reclamation (USBR) regarding the District conducting an Ability to Pay Study. Finance Director Vega reported the study can be conducted at any time, however the District will be required to pay for the study.

Director Watkins inquired how the District would move forward with this. Finance Director Vega replied a formal letter would need to be sent to the USBR.

Manager Moody advised the group can take the information to Washington DC on their upcoming trip, prior to sending a letter advising the District will be moving forward with the study.

President McGurk made the following corrections to the minutes:

- Page 2, section D-4b, 2<sup>nd</sup> paragraph, last sentence – add “Director Sanguinetti added, he too has frequent communication with Consultant Boesch.”
- Page 2, section D-6, 1<sup>st</sup> paragraph, last sentence – add “last year.”
- Page 3, section D-6, 4<sup>th</sup> paragraph, last sentence – strike the word “costs” and replace with “charges”.

A motion was moved and seconded to approve the March 13, 2018 Regular Meeting Minutes, as amended.

Roll Call:

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

Nayes: None  
Abstain: None  
Absent: None

2. Warrants
  - a. Fund 70 – Administration Fund
  - b. Fund 71 – Water Supply Fund
  - c. Fund 91 – Vehicle Fund
  - d. Fund 94 – Municipal & Industrial Fund
  - e. Payroll
  - f. Summary
  - g. Short Names/Acronym List
  - h. SEWD Vehicles & Equipment

Director Atkins inquired on the expense on page 7, line item 13 for Control Point Engineering, Inc. for Farmington Dam Radio Path Study in the amount of \$3,320.00. District Engineer Lee replied there is a meter at the bottom of Lower Farmington Canal that has been inoperable, however, it needs to transmit data to the blockhouse. This study needs to be conducted to ensure signals are strong enough to transmit the data.

Director Atkins inquired on the expense on page 14, line item 28 for Kleinfelder, Inc. for inspection services for tank seismic retrofit of Alum & ACH in the amount of \$1,820.09. Manager Moody replied this payment is part of the Tank Project contract.

Director Atkins inquired on the expenses on page 8, line items 39 & 40 for Verve Networks for computer replacements software in the amount of \$5,080.26 and partial payment computer replacements FY 2017-2018 in the amount of \$7,628.69. Manager Moody replied there is a replacement schedule for all District computers, this is payment for the computers in rotation to be replaced this Fiscal Year. Software upgrades are included in all computer replacements.

Director Cortopassi inquired on the expense on page 8, line item 41 for Verve Networks for Server Hardware 1-year post-warranty extension in the amount of \$2,462.62. Assistant Manager Johnson replied this charge is for annual maintenance and technical support under the warranty.

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

Roll Call:

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

3. Resolution No. 17-18-16 – Authorization to Transfer Funds From Water Fund No. 46097 During Fiscal Year 2018/2019

Manager Moody provided the Board with Resolution No. 17-18-16 – Authorizing San Joaquin County Auditor Controller’s Office to Make Direct Deposits (Fund No. 46097). This Resolution is required annually and directs the County to move funds automatically within District funds to ensure there is always cash flow.

Manager Moody reported the development fees the District receives are listed in the Annual Budget in the event any questions were received.

Director Watkins advised the Board used to receive quarterly reports of developer fees. Manager Moody replied staff can provide those reports to the Board quarterly moving forward.

A motion was moved and seconded to approve Resolution No. 17-18-16 – Authorizing San Joaquin County Auditor Controller’s Office to Make Direct Deposits out of water Fund No. 46097 to Various Funds and to U.S. Bank for distribution to COP Series 2002A and 2002B Bondholders during Fiscal Year April 1, 2018 to March 31, 2019.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

4. Discussion Regarding Request From City of Stockton to Make Base Monthly Payments via Electronic ACH Method, 03/15/18

Manager Moody provided the Board with information regarding the City of Stockton requesting to provide their Base Monthly Payments via an electronic ACH method. Manager Moody reported the District received an email on March 13, 2018 from Kevin Beltz, Program Manager – Debt and Treasury for the City of Stockton inquiring if the City can make payments via ACH instead of sending a physical check each month.

Manager Moody reported the only way staff would know if a payment was made would be to login to the system and check until it is received. Currently, there is no automatic notification on received payments.

Director Cortopassi advised if they make ACH payments, the City should then have to send a follow-up email to District staff advising the check has been deposited. Manager Moody agreed, and added staff could request they do this, however, there is no guarantee it will happen.

Director Sanguinetti advised in the current situation, the District should continue to receive physical checks. When a physical check is received, there are notes detailing what the check is for, where an ACH payment will not detail that information.

Manager Moody reported, perhaps once all disagreements have been settled this request can be revisited.

Director Atkins inquired how long the City has been wanting to submit payments this way. Manager Moody advised staff was just emailed about it for the first time a couple weeks ago.

The consensus of the Board was to continue to receive physical checks.

**E. COMMITTEE REPORTS**

1. Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting, 03/14/18  
Directors Panizza and Watkins and Manager Moody attended the March 14, 2018 Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority (JPA) Meeting. Director Panizza reported the meeting was more of a lengthy review of the process the JPA will be going

through over the next 1 ½ years regarding preparing and presenting the Groundwater Sustainability Plan (GSP) to the State. Director Panizza reported a handout was provided that details the process of notification, including a timeline, which shows a monthly progression of what will try to be accomplished. Director Panizza reported there was discussion on the City of Lathrop's desire to disconnect from this water basin and connect to the less over-drafted basin in Tracy. The City of Lathrop will be conducting outreach with other agencies within our GSP to allow them to make the switch. President McGurk inquired if the City of Lathrop is allowed to move to the Groundwater Sustainability Agency (GSA) of their choice. Legal Counsel Zolezzi replied the State has final approval. Director Panizza reported if the City of Lathrop were to leave the JPA the cost per agency would increase. President McGurk inquired if this will be an item of discussion at a future JPA meeting. Manager Moody replied yes. Director Panizza added the City of Lathrop will first do outreach, and will most likely ask each member of the JPA to sign in approval of their exit. Director Panizza advised he has strong reservations about approving this. Manager Moody reported the JPA Board authorized staff to apply for Department of Water Resources Technical Support Services. Director Panizza added the JPA is looking for staff that would be interested in forming a Technical Advisory Committee that would meet prior to the JPA. Due to possible Brown Act violations, directors are discourage from joining this Committee. The next meeting is scheduled for April 11, 2018.

2. Agricultural Operations Committee Meeting, 03/19/18

Director Atkins, Cortopassi, Watkins and Alternate Sanguinetti attended the March 19, 2018 Agricultural Operations Committee Meeting. Director Cortopassi reported staff provided the Committee with different scenarios for water rates, also reminding the Board that the District is restricted by how much funds can be increased. Director Cortopassi reported the consensus of the Committee was to move forward with a Groundwater rate of \$5.23/AF; Surface Water rate of \$23.00/AF; Domestic Unit Assessment of \$44.00 and an Out-of-District rate of \$100.00/AF. Information will be forthcoming after review of Legal Counsel. Director Watkins reported the projected revenue increase for AG is \$13,750. Legal Counsel Zolezzi inquired what the maximum is that the District can charge for Surface Water. Finance Director Vega replied \$33.82. President McGurk advised he would like to see the total number of people who have the potential to pump Surface Water, and the number who actually do pump Surface Water. If that annual assessment is raised to the maximum amount, and half of the people stop pumping Surface Water, where would the District be left revenue wise. If the price is kept at a low charge, perhaps there would be an increase in Surface Water use. Manager Moody advised these scenarios are being worked on by staff. Manager Moody reported he is hopeful that the GSP will mandate that if you have access to Surface Water and it is available to you, you must use it. President McGurk inquired if the GSP will include projected water diversion costs. Manager Moody replied, the direction so far, points to the GSP calling out ideology, actual measurements and a model for the Groundwater Basin, which will determine the current deficit and how to attain sustainability in the future. Currently, Districts set their own water rate charges, which should ultimately help achieve sustainability. Director Cortopassi added the Groundwater levels are going down and the District has to do what is possible to preserve the Groundwater.

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

1. Water Supply Report as of 03/19/18

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 181,492 AF in storage at New Hogan Reservoir. Current releases are set at 26 cfs. There is 1,935,159 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 206 cfs and release to all water users are set at 475 cfs. The water treatment plant is currently processing 18 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 and F2a-5.
3. Report on General Manager Activities
  - a. Central Valley Project Water Association – Executive & Financial Affairs Committee, 03/16/18  
Finance Director Vega attended the March 16, 2018 Central Valley Project Water Association – Executive & Financial Affairs Committee Meeting. Manager Moody reported attending these meetings is the District’s efforts to become more knowledgeable about the USBR’s rates and how they are put together. As well as the USBR’s push to give the hydroelectric companies, a cut on the CVP rates, particularly in the restoration fund area. Finance Director Vega reported the rates of agencies, who are not hydroelectric, would raise \$10 million each year, until they have reached the total of \$92 million. Manager Moody advised there will be a meeting held on Friday, March 23, 2018 regarding the USBR gifting \$92 million to hydroelectric. They are requesting someone with District voting power attend to place a vote on behalf of the District. Manager Moody advised Assistant Manager Johnson will be attending with Finance Director Vega to vote no on behalf of the District. The next regular meeting is scheduled for April 20, 2018.

## **G. DIRECTOR REPORTS**

1. Greater Stockton Chamber of Commerce and the Green Team San Joaquin REXPO & Keynote Luncheon – Waterloo Gun & Bocce Club, 03/14/18  
Nothing to report.
2. Bob Foy Memorial Building Dedication, 03/15/18  
Directors McGurk, Panizza, Watkins and Manager Moody attended the March 15, 2018 Bob Foy Memorial Building Dedication. Manager Moody provided the Board with a handout of the plaque that was installed in honor of Bob Foy. President McGurk reported it was a noble, nice event. A good turnout of attendees. Manager Moody reported he emailed John Freeman the following day congratulating successful event. Manager Moody reported Senator Cathleen Galgiani and Vice Mayor Elbert Holman spoke at the event.
3. San Joaquin Farm Bureau Foundation for Agricultural Education – 27<sup>th</sup> Annual Wine Tasting Event: *Featuring a “Taste of San Joaquin County”*, 03/15/18  
Director Sanguinetti attended the March 15, 2018 San Joaquin Farm Bureau Foundation for Agricultural Education – 27<sup>th</sup> Annual Wine Tasting Event *Featuring a “Taste of San Joaquin County”*. Director Sanguinetti reported it was a nice event, a smaller crowd than normal. The event raised ~\$65,000. President McGurk inquired if all proceeds fund Ag education. Director Sanguinetti replied it goes to Ag in the classroom, teachers, scholarships, Blue Jacket Program, a lunch for Ag Venture event and \$20,000 for the County’s new 4H Director to conduct a program.

## H. COMMUNICATIONS

1. Community Center for the Blind and Visually Impaired – Pedaling Paths to Independence, 03/05/18

Manager Moody provided the Board with correspondence from the Community Center for the Blind and Visually Impaired thanking the District for allowing the group to use the Bellota Intake Facility as a rest stop during their bicycling event. Manager Moody reported they had 365 registered riders and 75 volunteers for the events and raised \$26,000 for their program.

2. United States Bureau of Reclamation – Response to 2018 Water Year Delivery Schedule Pursuant to Stockton East Water District Contract Number 4-07-20-W0329, East Side Division, Central Valley Project, California, 03/09/18

Manager Moody provided the Board with correspondence from the USBR stating the District will be receiving its full allotment this water year.

## I. AGENDA PLANNING/UPCOMING EVENTS

1. Cancelled – San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 03/21/18
2. Delta Water Users Association Annual Membership Meeting, 6:00 p.m., 03/21/18
3. ACWA State Legislative Committee Meeting, 10:00 a.m., 03/23/18

## J. REPORT OF THE COUNSEL

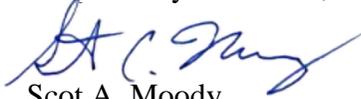
1. Closed Session - Potential Litigation  
Government Code 54956.9 (c) – one case

President McGurk adjourned the meeting to closed session at 1:21 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:07 p.m., with no reportable action.

## K. ADJOURNMENT

President McGurk adjourned the meeting at 2:08 p.m.

Respectfully submitted,



Scot A. Moody  
Secretary of the Board

tbc

