

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 22, 2018 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President McGurk called the regular meeting to order at 12:20 p.m., and Director Panizza led the Pledge of Allegiance.

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

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 05/15/18 Regular Meeting

A motion was moved and seconded to approve the May 15, 2018 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 May 8, 2018 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. Stockton East Water District Initial Study/Mitigated Negative Declaration, Routine Maintenance Agreement Project (SCH No. 2018032079)

a. Public Hearing

Manager Moody reported the District circulated notice of this public hearing in the Linden Herald on April 19, 2018 on the District’s Initial Study/Mitigated Negative Declaration for the Routine Maintenance Agreement Project with California Department of Fish and Wildlife (CDFW) under the Lake and Streambed Alteration Program. District Engineer Lee reported the District received one (1) comment form letter from the Regional Water Quality Control Board. Manager Moody added that the CDFW is requiring the District complete an environmental review on our entire portion of the New Hogan, Calaveras River and New Melones conveyance systems because our current RMA will be expiring.

President McGurk opened the Public Hearing at 12:23 p.m. to receive comments on the proposed Initial Study/Mitigated Negative Declaration, Routine Maintenance Agreement Project (SCH No. 2018032079)

Seeing no public comment, President McGurk closed the Public Hearing at 12:24 p.m.

b. Initial Study/Mitigated Negative Declaration

Manager Moody provided the Board with information on the District's Mitigated Negative Declaration, Routine Maintenance Agreement Project (SCH No. 2018032079). Manager Moody asked the Board to consider approving the Initial Study/Mitigated Negative Declaration for the Routine Maintenance Agreement project.

A motion was moved and seconded to approve the Stockton East Water District Initial Study/Mitigated Negative Declaration, Routine Maintenance Agreement Project (SCH No. 2018032079), as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

4. Dr. Joe Waidhofer Drinking Water Treatment Plant – Chlorination System

Update/Modification

Manager Moody provided the Board with information on the Dr. Joe Waidhofer Drinking Water Treatment Plant – Chlorination System Update/Modification and provided a close-up picture of the one featured in the agenda package (page 13). Manager Moody gave a brief overview of the planned routine maintenance performed by staff when replacing the chlorine booster pump. Further investigation revealed visible sagging of the gaseous chlorine piping. Manager Moody reported Consultant TelStar Instruments, the District's chlorine system maintenance Contractor provided a Proposal to relocate and replace the chlorine injectors and booster pumps into the chlorine equipment room in the amount of \$46,265; and, install emergency shutoff valves in the amount of \$62,512. Manager Moody expressed his concern to relocate into the chlorine equipment room for health and safety reasons but did not advocate for the installation of emergency shutoff valves at this time.

Director Sanguinetti inquired on the Water Treatment Plant operations in order to perform this work. Manager Moody replied the Water Treatment Plant would have to shut down for a couple of hours. Director Panizza commented having previous discussions regarding sodium hypochlorite (bleach) as an alternative to chlorine; and, inquired on the timeline regarding this alternative and when it when it could be implemented. Manager Moody replied fitting preparation work of preparing a Chlorine Delivery Alternative Evaluation Study into the next few weeks but noted a minimum of ~18 months before implementation of a viable alternative. Director Sanguinetti expressed being careful of spending too much money now, considering the District may change water treatment methods. Manager Moody expressed concern if something were to happen before implementation of an alternative. Director Panizza commented on his concern noting the present condition of the pipes is now in writing, and the District is knowledgeable of its dangerous nature of potentially causing harm or worse. Director Atkins voiced his agreement

with Director Panizza. President McGurk commented on the length of time for implementation of a viable alternative and expressed solving the immediate problem first.

Director Cortopassi inquired if everything contained in the picture is to be moved. Manager Moody replied only the grey colored piping will be relocated into the chlorine room noting the only water piped through the basement would be treated chlorinated water. Discussion followed regarding the relocation and adding 25 feet of head pressure and replacement of both injectors and both booster pumps as listed in the Proposal. Director Sanguinetti commented on the difference of head post relocation is not much and inquired on the need to replace both booster pumps.

Manager Moody made the recommendation for the Board to approve supply, relocation and replacement work in an amount not to exceed \$46,265 and advised further research on the pumps. A motion was properly moved and seconded to approve however Director Panizza voted “no” and voiced concern on conducting emergency valve replacement work as well.

Manager Moody suggested bringing additional information back to the Board next week on the emergency shut off valves and advised not moving forward with TelStar Instrument’s Proposal until after the following Board Meeting.

A motion was moved and seconded to approve TelStar Instrument Proposal for the supply, relocation and installation of new injectors in an amount not to exceed \$46,265.

Roll Call:

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

5. Stockton East Water District – Customer Request to Revise Billing

Manager Moody provided the Board with Stockton East Water District – Customer Request to Revise Billing. Manager Moody noted a handout was provided to the Board containing M&I customer information, noting this information was redacted from the exhibit in the publicly distributed agenda packet for privacy purposes. Finance Director Vega provided an overview of the customer’s history of billing from 2012 – 2014 and reported an average yearly use of ~12.16 acre-feet (AF) of water from Pump No.1. Finance Director Vega reported of a sizable increase of 139.47 AF in 2016 to 295.28 AF in 2017 and noted billing for these years are based upon figures reported on the customer’s Owners Water Use Statement (OWUS). President McGurk inquired if this M&I customer is under new ownership. Finance Director Vega replied no, they have the same staff and has made reporting mistakes in the past. Legal Counsel Zolezzi suggested the District conduct a meter reading now and the following month. Finance Director Vega commented the M&I customer has contracted an outside party to conduct meter readings on their behalf to file required reports to the State of California. Legal Counsel Zolezzi inquired on the meter readings conducted by the Contractor and sent to the State of California for reporting purposes can be certified. Finance Director replied the figures provided by the M&I customer is what the Contractor certified.

Director Cortopassi inquired if a picture of the M&I customer’s meter reading is required. Finance Director Vega replied meter readings are self-reporting and submission of picture(s) is

not part of the District's current Policies or Procedures. Director Cortopassi expressed the District should consider changing this Policy.

Manager Moody made a recommendation to approve the M&I customer refund after District staff has conducted a meter reading to retrieve data, which will be brought back to the Board for review. Director Watkins expressed the M&I customer's money should be refunded.

A motion was moved and seconded to approve the M&I customer refund of overpayment pending meter reading verification to be performed by District staff.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, 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, 05/16/18

Director McGurk attended the May 16, 2018 San Joaquin County Flood Control and Water Conservation District Advisory Water Commission (Commission) Meeting. President McGurk reported discussions primarily focused on the now dormant Eastern San Joaquin County Groundwater Banking Authority (GBA) handing over Integrated Regional Water Management (IRWM) Plans to the Commission. President McGurk reported the consensus of the Commission was favorable and Public Works staff will work on final details before the Commission sends to the San Joaquin County Board of Supervisors for approval. President McGurk reported discussions also surrounded purchasing of rock for flood control purposes. Mike Callahan, San Joaquin County clarified the purchase is for use by the San Joaquin County Office of Emergency Services. The next meeting is scheduled for June 20, 2018.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 05/14/18

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 215,975 AF in storage at New Hogan Reservoir. Current releases are set at 210 cfs. There is 1,995,591 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 3,009 cfs and release to all water users are set at 4,178 cfs. There are currently 8 irrigators on New Hogan; 1 irrigator on New Melones and no Out-of-District irrigators. The water treatment plant is currently processing 27 mgd. The City of Stockton is currently processing 22 mgd.

Manager Moody reported to the Board that the staff will be diving the Tunnel Outlet at the end of the week due to the misreading from the meter.

2. Information Items:

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

Manager Moody reported more information regarding F2a-2 that Representative Ken Calvert put a rider in the Appropriations Bill that would forfeit any environmental lawsuits against the California Water Fix.

Report on General Manager Activities

a. Water Education Foundation Bay Delta Tour – Stockton Area Water Suppliers Sponsored Dinner, 05/16/18

Director Watkins and Manager Moody attended the May 16, 2018 Water Education Foundation Bay Delta Tour – Stockton Area Water Suppliers Sponsored Dinner at the University Plaza. Director Watkins reported the event and food were good and there were ~2 buses of Tour participants. Manager Moody reported the dinner speaker Wes Rhea, Stockton Live did a good job.

b. Central Valley Project Water Association – Executive & Financial Affairs Committee, 05/18/18

Finance Director Vega attended the May 18, 2018 Central Valley Project Water Association – Executive & Financial Affairs Committee Meeting. Finance Director Vega reported U.S. Bureau of Reclamation (USBR) Mid-Pacific Regional Director David Murillo will be leaving at the latest in November 2018; USBR staff reported the Cost Allocation Study is soon to be released pending review from senior USBR staff. Finance Director Vega also noted Croffsets finalization discussions will begin in June 2018 and USBR is beginning to address aging infrastructure and how to treat extraordinary O&M. Finance Director Vega reported currently if an extraordinary event occurred, agreement requires repayment of costs within the following year of the event noting the USBR is looking to have a written addendum to the rate-setting policy in place in the next 8-12 months. The next meeting is scheduled for July 20, 2018.

G. DIRECTOR REPORTS

1. Stockton East Water District & Central San Joaquin Water Conservation District Meeting, 05/18/18

Directors McGurk, Panizza and Manager Moody attended the May 18, 2018 Stockton East Water District (SEWD) & Central San Joaquin Water Conservation District Meeting (CSJWCD). The meeting began at 3:00 p.m., and was ~1.5 hours in length. Director McGurk reported on Central's disinterest in merging and not paying the full 2018 Wheeling Rate. Primary discussions on using surface water, SGMA and the key to SGMA compliance is by using surface water. President McGurk reported to the group that the District's 2018 Wheeling rate is firm and on the interest to annex from some irrigators whom are adjacent to CSJWCD and SEWD's boundaries. President McGurk also noted that CSJWCD expressed two of their current Board of Directors do not want anything to do with SEWD. Director Panizza added CSJWCD reported filling the Board of Director vacancy. Director Panizza agreed with the points made by President McGurk and added that CSJWCD continued efforts to try to drop the 2018 price to wheel water and did not seem to want to enter into any substantial negotiations. Director Panizza expressed ~10 years ago SEWD and CSJWCD took up merger discussions and, Legislation was passed to allow the Districts to combine. However, CSJWCD changed direction deciding not to annex. Director Panizza commented not sure of the purpose to take staff time away for these discussions.

Director Sanguinetti commented the District has taken up discussion and action to twice now, and further expressed CSJWCD is not fully understanding the problem; and is also not looking forward to the future. Director Sanguinetti added SEWD did receive payments of \$150,000 for

surface water but noted that was ~10 years ago. Manager Moody commented on not knowing how much the water really costs and noted CSJWCD has not attempted to provide SEWD with their financial documents.

Central customer Ray Lial commented Central reported it has ~ 2.4 million debit with the Bank of Stockton. Mr. Lial also reported many of CSJWCD's customers not being happy with their Board.

A member of the public identified as a SEWD and CSJWCD customer inquired on merging and if current CSJWCD would be charged tiered rates or the same rates as those charged to SEWD customers. Director Sanguinetti replied not knowing the rates until SEWD has an opportunity to review all of CSJWCD's financial documents. Legal Counsel Zolezzi added until a party expresses interest to merge; and, SEWD is provided CSJWCD's financial information there is no way to determine water rates at this time. Discussions followed regarding the interest of SEWD to merge with CSJWCD. President McGurk commented for the greater good SEWD can operate CSJWCD's system better than it currently is. Legal Counsel Zolezzi added it is not attractive for SEWD to merge with CSJWCD but better use of surface water is.

Director Cortopassi commented on the history of CSJWCD's non-payments to the U.S. Bureau of Reclamation (USBR) and added the importance (now) of using more surface water and less groundwater noting CSJWCD current Board's philosophy cannot see the future of this. Mel Lytle, City of Stockton commented from the City's point of view, the City is still paying the debt for the infrastructure. Director Sanguinetti added SEWD's Ag Division is still paying for this debt as well. Director Panizza also clarified a point of discussion that CSJWCD did not cancel the Agreement to pay the wheeling rate, the SEWD Board of Directors voted to. Director Sanguinetti commented during drought years SEWD managed surface water supply as best as possible for AG and the Urban Contractors and does a good job of providing water for everyone. Director Cortopassi added SEWD and CSJWCD irrigators respectively are unaware of the Sustainable Groundwater Management Act and expressed the need of all to become more aware.

President McGurk advised the recording from today's Regular Board Meeting would be maintained at the District for an extended period.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. California Special Districts Association Legislative Days - Sacramento, CA, 05/22/18 – 05/23/18
2. San Joaquin Farm Bureau Federation – Water Committee Meeting, 5:30 p.m., 05/22/18
3. Greater Stockton Chamber of Commerce – 2018 State of the City, 10:30 a.m., 05/24/18

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 1:39 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:16 p.m., with no reportable action.

K. ADJOURNMENT

President McGurk adjourned the meeting at 2:17 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

kmc

