

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, JULY 24, 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 Watkins led the Pledge of Allegiance.

Present at roll call were Directors Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti and Watkins. Director Atkins was absent. Also present were Manager Moody, Finance Director Vega, District Engineer Lee, Administrative Services Manager Carido, Chief Plant Operator Mathews, Water Supply Supervisor Donis, Administrative Clerk Curtis and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

Manager Moody reported to the Board that Chief Plant Operator Mathews, Water Supply Supervisor Donis and Administrative Clerk Curtis are attending this meeting as a requirement for the Professional Development Program they are in through the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). Manager Moody reported the Program consists of training, attending a Board Meeting and meeting with Manager Moody to gain a better understanding of the District and its policies and procedures.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 07/17/18 Regular Meeting

A motion was moved and seconded to approve the July 17, 2018 Regular Meeting Minutes, as presented.

Roll Call:

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

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. Payroll
- g. Summary
- h. Short Names/Acronym List
- i. SEWD Vehicles & Equipment

Manager Moody reported on the expense on page 11, line item 6 for Les Schwab Tire Center for new tires for Unit 47, including service package in the amount of \$1,174.04. Manager

Moody reported staff researched the Board recommended East Bay Tire, however, they do not offer the government program.

A motion was moved and seconded to approve the July 24, 2018 Warrants, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: Atkins

3. Central San Joaquin Water Conservation District Discussion

Manager Moody reported he and Finance Director Vega have worked through some figures that will be available to share soon.

Richard Wagner reported to expedite this process it would be best for President McGurk to contact Grant Thompson directly. President McGurk reported he will contact Mr. Thompson to inquire about scheduling an AD HOC Committee Meeting.

President McGurk inquired if Mr. Wagner will be on the AD HOC Committee for the potential meeting. Mr. Wagner replied he is unsure, as it is usually Mr. Thompson and Tony Chiappe.

Mr. Wagner reported there may be confusion within both Districts as far as the discussions that occurred after the rate proposal was presented to CSJWCD. Mr. Wagner inquired if the District received a letter from CSJWCD regarding their position on the new rates. Manager Moody replied the letter was received and included in a Board Packet for discussion. Legal Counsel Zolezzi added there was also a meeting between the two Districts as a result of the letter.

Mr. Wagner reported the thought within CSJWCD is that they attempted to negotiate, but SEWD stuck by their numbers. President McGurk replied yes, the District was firm with the 2018 wheeling water rate. Director Sanguinetti added other than the correspondence received from CSJWCD indicating they would only pay \$10/AF there was no additional follow-up.

Mr. Wagner reported he wants to make it known that CSJWCD did attempt to negotiate these rates. President McGurk replied the District did not come up with these figures in house; Raftelis Financial Consultants, Inc. was hired to calculate and determine these figures prior to providing to CSJWCD.

Mr. Wagner reported he just wants to ensure the information he is receiving from the CSJWCD Board at the meetings is an accurate accounting.

Mr. Wagner reported at a previous AD HOC Meeting he was informed there was discussion about reducing the wheeling rate and merging the Districts. However, SEWD indicated the wheeling rate would not change. President McGurk replied the AD HOC Meeting was scheduled and agendaed to discuss a merger and SEWD concluded all CSJWCD wanted to discuss was the wheeling rate.

Mr. Wagner reported he is becoming frustrated because SEWD's Board seems to have a perception that CSJWCD is not serious about SGMA and other items and CSJWCD has the same perception of SEWD. If the Districts had been able to come together in some fashion, SEWD could have had money this year and CSJWCD could have had water.

Mr. Wagner inquired how much surface water do the District's user use each year. Manager Moody replied the District budgets to bill ~20,000-30,000 AF, however, ~40,000 AF is diverted. The diverted water is inclusive of riparian water users.

Director Sanguinetti thanked Mr. Wagner for his comments and added that any insight is helpful.

4. Kurt & Sharon Hertlein – Out of District Non-Potable Water Service Agreement
Manager Moody provided the Board with an Out of District Non-Potable Water Service Agreement for Kurt and Sharon Hertlein. Manager Moody reported the Hertlein's are not requesting water this year; they just wanted to enter into an agreement and have on file for future water requests.

Director Watkins inquired if they have meters on the facilities and if they are listed in the agreement. Manager Moody replied they will have meters and the agreement lists measurements.

A motion was moved and seconded to approve the Out-of-District Non-Potable Water Service Agreement between Stockton East Water District and Kurt & Sharon Hertlein.

Roll Call:

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

5. Proposed Letter of Opposition to State Water Resource Control Board Regarding the SED from a GSA Perspective
Manager Moody provided the Board with correspondence on the SED initial draft language. Manager Moody reported the correspondence discusses the valley's Groundwater Sustainability Agencies (GSAs) thoughts and producing a joint comment letter on the SED and how it affects GSAs within the impacted area.

Manager Moody advised he wanted to inform the Board and Legal Counsel prior to moving forward.

Legal Counsel Zolezzi inquired if the sample letter provided to the District is what will be sent. Manager Moody replied no, they are requesting comments from agencies. Legal Counsel Zolezzi suggested providing comments and submitting.

Director Watkins inquired if the County will be participating with comments. Manager Moody replied he assumes so, as Brandon Nakagawa is the person who forwarded this information to Manager Moody.

Consensus of the Board was to move forward with providing comments for a joint comment letter from the GSAs impacted by the SED.

E. COMMITTEE REPORTS (None)

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 07/23/18

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 188,513 AF in storage at New Hogan Reservoir. Current releases are set at 181 cfs. There is 1,879,032 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 301 cfs and release to all water users are set at 1,664 cfs. There are currently 11 irrigators on New Hogan, 2 irrigators on New Melones and 1 Out-of-District irrigators. The water treatment plant is currently processing 40 mgd. The City of Stockton is currently processing 27 mgd.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5 and F2a-6.

3. Report on General Manager Activities

Manager Moody showed the Board current samples of the Acidified Alum (Alum) at the District. Manager Moody reported he received a call from Water Operations Manager Wunderlich on the evening of Saturday, July 21st to advise there was no Alum, as all the chemical in the new tank had crystalized. Both the tank and feed lines that supply this chemical are full and cannot be flushed at this point.

Manager Moody reported Chemtrade; the District's chemical vendor for Alum told Chief Plant Operator Mathews that there sometimes is issue with the materials for this chemical due to overage of things like iron in the chemical. Manager Moody reported the City of Napa has experienced a similar problem to this as well.

Manager Moody reported staff is working with Chemtrade to determine how they will fix this issue.

President McGurk inquired if the City of Napa uses the same chemical supplier. Chief Plant Operator Mathews replied yes, as well as the City of Benecia who too, has had the same issue as the District.

a. Central Valley Project Water Association – Executive & Financial Affairs Committee, 07/20/18

Finance Director Vega attended the July 20, 2018 Central Valley Project Water Association – Executive & Financial Affairs Committee Meeting. Finance Director Vega reported the group met with USBR representatives during this meeting. Discussion focused on the Cost Allocation Study as it has yet to be released. Finance Director Vega reported the Study has been sent to Washington, D.C. for final review, with the goal to

have it approved within a month or so. Once the Cost Allocation Study has been released Districts will have 90 days to review the report, which is ~500 pages inclusive of appendices. Finance Director Vega reported the Croffsets issue regarding credit for power companies is currently being worked on. There are now five possible ways to apply credits and obligations. The legal team is sifting through the information to narrow down the different options. Manager Moody reported one issue with giving a large credit to the power providers is in looking at the restoration side of the ledger, there are a number of charges that likely were not related to the law of restoration. If items are listed under restoration then Central Valley Project users may be obligated to pay for those items. The next meeting is scheduled for August 17, 2018.

H. DIRECTOR REPORTS (None)

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 5:30 p.m., 07/24/18
2. Herum\Crabtree\Suntag Attorneys – Stonecreek Village Summer Concert Reception, 6:30 p.m., 07/27/18

J. REPORT OF THE COUNSEL

1. Closed Session: Real Property – Government Code Section 54956.9 – Property: Water Rights
2. Closed Session - Potential Litigation
Government Code 54956.9 (c) – two cases

President McGurk adjourned the meeting to closed session at 1:03 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:23 p.m., with the following reportable action:

The Board authorized Manager Moody to execute a contract for professional services to evaluate the District’s bridge crossings.

K. ADJOURNMENT

President McGurk adjourned the meeting at 2:24 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

