

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, JANUARY 29, 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 Sanguinetti 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 Harrigfeld.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

Richard Wagner addressed the Board and introduced himself as a Director of the Central San Joaquin Water Conservation District (Central) and landowner within Central's boundary lines. Mr. Wagner represented himself to the Board as a landowner, not in any official capacity as a Central Board Member. Mr. Wagner advised that he has been part of the merger discussions with the Ad Hoc Committees from both Districts. He has tried to stimulate the conversation from Central's perspective.

Mr. Wagner reported there has been good discussion during the Ad Hoc meetings. The last meeting was on January 17th and Mr. Wagner expressed his opinion that the main issue is representation on the Board of Directors. Mr. Wagner expressed he understands that SEWD still needs to have a discussion on that subject.

Mr. Wagner indicated there has also been discussion on the debt that Central will bring with them should the merger take place. The question is what debt amount Central will be obligated to pay. Central Board wants to determine how that debt is repaid and whether it is by surcharge on surface water or groundwater extraction. They do not know how long the debt will take to repay at this point. Mr. Wagner reported the argument for representation on the Board from Central's side would be beneficial in the event the need arose to come together as an advisory committee to discuss said debt in the future.

Mr. Wagner reported discussions have gone well thus far, with representation being the main concern for Central. They are hoping to come to a compromise with SEWD. Mr. Wagner stated his address to the Board today was to voice concerns on the issue of representation on the Board of Directors should the districts merge.

Director McGaughey inquired if the debt Central has needs to be paid before the Districts merge. Mr. Wagner responded this is currently being discussed in the Ad Hoc meetings.

Director McGaughey inquired how the debt has been accumulating over the years. Mr. Wagner replied the debt is inclusive of a loan for infrastructure that was installed and Central's debt to the United States Bureau of Reclamation (USBR) for O&M charges.

President Panizza reported that SEWD has conducted their discussions during closed session of the Regular Board Meetings, as it is part of negotiations. He reminded the Board that the public is free to express what they wish, but the Board should be mindful of what has been discussed during closed session.

Director McGurk inquired if the stimulating conversation Mr. Wagner had was among Central growers or the Board. Mr. Wagner replied the Board.

Director McGurk inquired if the representation Mr. Wagner is talking about is during the merge process or afterwards. Mr. Wagner replied Central has indicated they want to control how the debt is repaid. The debt issue is just an illustration of how having representation on the Board could be valuable for Central.

Mr. Wagner reported his address to the Board is to help move the merger forward and leave it to SEWD to determine how they can make it happen.

Raymond Greer addressed the Board and reported he is an out-of-district customer who has previously purchased water from the District and inquired if there is a possibility to purchase water again should growers be unable to get water from Central. Manager Moody replied regardless the state of the merger between both districts; Stockton East will try to deliver water to out-of-district customers. Manager Moody reported he is waiting on responses from the USBR and other agencies regarding selling water outside of District boundaries. The intent of the District is to ensure growers get water regardless where the water comes from. Manager Moody advised as soon as he hears any news and the Board approves, the District will be sending letters to out-of-district customers with an update.

Robert Longstreth, Jr. inquired if Manager Moody has a timeline on the letter. Manager Moody replied he hopes to have information by the end of this week and have a letter sent out thereafter, pending Board approval.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 01/22/19 Regular Meeting

A motion was moved and seconded to approve the January 22, 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 January 29, 2019 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

Nayes: None
Abstain: None
Absent: None

3. Stockton East Water District – Raw Water Storage and Delivery Reliability Improvement Project Memo

Manager Moody provided the Board with a memo regarding the Raw Water Storage and Delivery Reliability Improvement Project. Manager Moody reported at the February 22, 2017 Regular Board Meeting, the Board approved a design contract with Nexgen Utility Management (Nexgen) to design the Project in the amount of \$248,590. At the November 21, 2017 Regular Board Meeting the Board approved a contact amendment to Nexgen for \$162,290 for additional archeology investigations and design for the piping re-configuration to the Water Treatment Plant.

Manager Moody reported that Nexgen is requesting a contract amendment for \$150,000, which includes additional structural engineering and inspection, surveying and construction management. The structural engineering is to accommodate a change from pre-cast concrete vaults, which have a long lead-time, to cast in place vaults. The structural engineer needed to design and inspect the vaults prior to approval.

Manager Moody spoke with Dan Rich, of Nexgen, and advised that he agrees with the changes, but noted this should have been brought to the Board's attention earlier in the process.

Manager Moody reported there have been no change orders from Gateway Pacific who is the contractors performing all the work.

Director McGurk inquired on the table of no cost changes outlined in the memo. Manager Moody reported those are changes that have been made within the contract at no cost to the District. An example is staff determined they would need a gate to control the water and the gate itself was expensive. To avoid a change order staff was able to assist the contractor to offset the cost.

Director McGaughey inquired if the work that has been done is approved. Manager Moody reported yes.

A motion was moved and seconded to approve a contract amendment to Nexgen Utility Management for \$150,000 for additional construction management services and a no-cost change order to Gateway Pacific, as presented.

Roll Call:

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

4. 2019 One Voice Trip Project Submissions

Manager Moody reported the Project submissions must be sent to Kris Balaji, Public Works Director, at San Joaquin County for approval as part of the One Voice package as the District

is not a member of the Council of Government (COG) group. The package is sent to Congress members and staff to become familiar with the issues prior to arrival of the One Voice group.

a. Bellota Fish Ladder and Passage Improvement Project

Manager Moody provided the Board with information on the Bellota Fish Ladder and Passage Improvement Project. Manager Moody reported staff is estimating the total project cost to be ~\$20,000,000.

A motion was moved and seconded to approve the 2019 One Voice Trip Project Submissions for the Bellota Fish Ladder and Passage Improvement Project, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

b. Farmington Dam Re-Purpose Project

Manager Moody provided the Board with information on the Farmington Dam Re-Purpose Project.

A motion was moved and seconded to approve the 2019 One Voice Trip Project Submissions for the Farmington Dam Re-Purpose Project, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

5. Resolution No. 18-19-08 – Adopting an Investment Policy for 2019

Manager Moody provided the Board with Resolution No. 18-19-08 – Adopting an Investment Policy for 2019. Manager Moody reported the Board adopted the Debt Management Policy at the May 16, 2017 Regular Board Meeting. The District is mandated by law to have an Investment Policy in place and be revised and approved by the Board annually.

A motion was moved and seconded to approve Resolution No. 18-19-08 – Adopting an Investment Policy for 2019, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

E. COMMITTEE REPORTS

1. San Joaquin County & Delta Water Quality Coalition Meeting, 01/14/19

Director Atkins attended the January 14, 2019 San Joaquin County & Delta Water Quality Coalition Meeting. Director Atkins reported there was discussion on the Financial Report, Membership and the Program Manager's Report. The Coalition continues to pay CV Salts \$25,000 annually. Director Atkins reported there was discussion on the Nitrate Management

Plan certificates. The certification is valid for 3-yers. The next meeting is scheduled for February 11, 2019.

2. San Joaquin Farm Bureau Federation – Water Committee Meeting, 01/22/19
Director Sanguinetti and Manager Moody attended the January 22, 2019 San Joaquin Farm Bureau Federation – Water Committee Meeting. Manager Moody reported there were a number of different Farm Bureau agencies in attendance. Director Sanguinetti added representatives from both Sacramento and Stanislaus County were in attendance as well. Manager Moody reported most of the agenda was skipped over except for discussion on the Substitute Environmental Document (SED) and unimpaired flows. Director Sanguinetti replied there was no resolution on the topic, but some in attendance believed the Farm Bureau should get involved in some way. Manager Moody advised Dave Simpson, North San Joaquin Water Conservation District, that this would be a good opportunity for the Farm Bureau to conduct some Town Hall meetings to get the word out to the community. This could be used as a member building opportunity. There was discussion on if the Farm Bureau should file suit on their own or join other districts. Manager Moody reported there was discussion on the Sacramento Farm Bureau’s ongoing Phase II negotiations. Director Sanguinetti reported if Phase I is not taken care of now, it will be harder to stop future phases. Director McGaughey inquired how many district belong to the San Joaquin Farm Bureau. Director Sanguinetti replied all agencies listed on the meeting agenda and there is usually a representative from each agency at the meetings. Legal Counsel Harrigfeld reported California Fish and Wildlife and Department of Water Resources provided a presentation on the concept of the Sacramento Valley and Mokelumne River contributing flows. The next meeting is scheduled for February 26, 2019.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 01/28/19

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 171,834 AF in storage at New Hogan Reservoir. Current releases are set at 94 cfs. There is 1,863,833 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 231 cfs and release to all water users are set at 252 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 8 mgd.

Director McGurk inquired what water source the Water Treatment Plant is treating right now. Assistant Manager Lee replied New Hogan water.

2. Information Items:

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

3. Report on General Manager Activities

- a. Stockton East Water District Activities Update

Manager Moody reported that the Solar System Ribbon Cutting scheduled for January 30th has been agendized as there will be a quorum of the Board in attendance. Director McGaughey advised she will not be attending the Ribbon Cutting ceremony. President

Panizza inquired if guests will be driven out to the ceremony site. Manager Moody replied yes, the electric carts will be used to shuttle guests. Director Cortopassi inquired where guests will be parking. Manager Moody replied the Administration parking lot. President Panizza inquired if rain is in the forecast. Manager Moody replied no, but should the weather pattern change, there is a backup plan in place to hold the ceremony in the Boardroom.

Manager Moody reported he attended a Water Market Exchange Symposium on Thursday, January 24th at Fresno State University. There was a good cross section of attendees with growers, local agency, state and federal personnel. There were roughly 120 attendees. Manager Moody reported there were presentations provided by General Managers from agencies in the area and an environmental group spoke. Manager Moody reported in our basin, agencies are coming up with projects to cover 100,000 AF of deficit in the groundwater basin. Down south, there is anywhere between 1.4 and 2.5 million AF of deficit. The water market discussion pretended that every acre within the basin gets 1.5 AF of groundwater. The demands could be supplemented with surface water from purchasing and fallowing lands, taking water from the fallowed ground to satisfy areas that are in production, or buying water from a neighbor. Manager Moody reported this is the practice they are using in Australia, where one presenter at the event was from. Manager Moody reported there was a representative from Rosedale-Rio Bravo Water Storage District who advised that although the basin they reside in has historically low numbers, the district itself is sustainable. Director McGurk inquired if there will be another presentation of this kind in the future. Manager Moody advised he is not sure as Director Sanguinetti sent him the information for this event. Manager Moody reported they were taking polls during the event and one question was at what price point per AF of water do you question whether you can continue to farm. The first response was \$100-\$200 per AF the second response was \$200-\$400 per AF. Director McGaughey inquired if the presenter from Australia came specifically for this. Manager Moody replied they have been working with Fresno State cooperative on this.

G. DIRECTOR REPORTS (None)

H. COMMUNICATIONS

1. Stockton East Water District – Request to Purchase Irrigation Water for Out-Of-District Customers for 2019 Growing Season, 01/23/19

Manager Moody provided the Board with correspondence sent January 23, 2019 to Oakdale Irrigation District (OID) and South San Joaquin Irrigation District (SSJID) regarding the Request to Purchase Irrigation Water for Out-Of-District Customers for 2019 Growing Season given the current issue with the United States Bureau of Reclamation (USBR) about the District selling water outside of its boundaries. Manager Moody reported this request to OID and SSJID will safeguard the District should water need to be sold outside the boundary lines. Manager Moody reported OID inquired if any customers are within their boundaries. Manager Moody replied some of them are, however, they are not close enough to Little Johns for OID to serve them water. Manager Moody reported he hopes to have an answer from both agencies by the end of the week to brief the Board at the next Regular Board Meeting and send correspondence to out of District customers thereafter. President Panizza inquired if Manager Moody has received a response from SSJID. Manager Moody replied no.

I. AGENDA PLANNING/UPCOMING EVENTS

1. Photovoltaic Solar System Ribbon Cutting Ceremony, 10:00 a.m., 01/30/19
2. ACWA Region 4 Board of Directors Meeting, 11:00 a.m., 01/31/19
3. AD HOC Meeting with Central San Joaquin Water Conservation District, 3:00 p.m., 01/31/19
4. ACWA State Legislative Committee Meeting, 10:00 a.m., 02/01/19

Manager Moody reported he is a standing member on the State Legislative Committee again, as the person who replaced him now has a new job, which no longer qualifies them to sit on the Committee.

J. REPORT OF THE COUNSEL

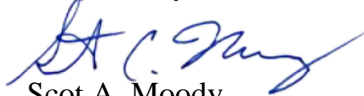
1. Closed Session - Existing Litigation
Stockton East Water District vs. City of Stockton, et al.
Government Code 54956.9 (a)
2. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

President Panizza adjourned the meeting to closed session at 1:18 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:16 p.m., with no reportable action.

K. ADJOURNMENT

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

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

