

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 14, 2019 AT 12:00 NOON

**A. PLEDGE OF ALLEGIANCE AND ROLL CALL**

President Panizza called the regular meeting to order at 12:26 p.m., and led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGaughey, McGurk, Panizza and Watkins. Director Sanguinetti was absent. Also present were Manager Moody, Assistant Manager Lee, Finance Director Vega, Administrative Services Manager Carido, Water Supply Supervisor Donis, Administrative Assistant Curtis, Legal Counsel Zolezzi and Consultant Barkett.

**B. CONSENT CALENDAR (None)**

**C. PUBLIC COMMENT**

Michael Dondero, Central San Joaquin Water Conservation District (CSJWCD) Customer, addressed the Board regarding the 2018 Final Bill he recently received from the District. Mr. Dondero advised he was unaware that the bill was so high as he only received the bill a couple weeks ago due to it being sent to the incorrect address. He asserted he was not knowledgeable that CSJWCD did not have water for sale last year and that the water from the District was \$100/AF. Mr. Dondero inquired if the District would consider reducing the amount of his bill and he would not mind paying the difference between the groundwater rate and electricity used.

Manager Moody advised the billing address will be updated in the District's software and informed the Board that Mr. Dondero has already paid this bill.

Fritz Buchman, San Joaquin County, introduced Glenn Prasad as the interim Senior Water Resources Engineer as Brandon Nakagawa now works for South San Joaquin Irrigation District.

**D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS**

1. H.R. La Bounty Safety Award – Chris Donis, Water Supply Supervisor

Manager Moody presented Water Supply Supervisor Donis with his H.R. La Bounty Safety Award. Manager Moody reported when he began working at the District the safety program was lacking. He since has required management to be a part of the Safety Committee, which meets monthly; conducts safety walk-throughs; which includes looking for safety infractions, trip hazards, electrical hazards, etc.

Manager Moody reported as part of the Operations Professional Development Program Water Supervisor Donis was required to submit an H.R. La Bounty Safety Award. He submitted one for a trip hazard that he recognized and fixed before it became a problem.

Manager Moody reported that ACWA/JPIA approved Water Supply Supervisor Donis' submission and has awarded him an H.R. La Bounty Safety Award and \$50.

2. Minutes 04/30/19 Regular Meeting

A motion was moved and seconded to approve the April 30, 2019 Regular Meeting Minutes, as presented.

Roll Call:

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

3. Warrants – California Public Employees’ Retirement System

Director McGurk inquired on the larger than normal cost. Manager Moody replied there are multiple payments as the last Regular Board Meeting was cancelled.

A motion was moved and seconded to approve the May 14, 2019 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

4. 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 & Heavy Equipment

Director Cortopassi inquired on the expense on page 13, line item 8 for Corix Water Products US Inc. for pipe and gaskets for repairs to Murphy Low Water Crossing in the amount of \$4,109.84. Assistant Manager Lee replied the Murphy Low Water Crossing and Murphy Dam are in the same location.

A motion was moved and seconded to approve the May 14, 2019 Warrants, as presented.

Roll Call:

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

5. Bond Refinancing

a. Presentation

Manager Moody reported that at a previous presentation to the Board a term sheet was provided that showed pertinent information regarding paying off current bonds. The Board advised staff to keep moving forward with the endeavor. Nothing significant has changed since the last information that was provided.

Manager Moody introduced Doug Brown, Financing Counsel, Stradling, Yocca, Carlson & Rauth; Robert Porr, Municipal Advisor, Fieldman Rolapp and Jeff Land, Placement Agent,

Brandis Tallman to the Board. Mr. Land addressed the Board and advised that the term sheet from Pacific Western Bank is a favorable deal for the District. Mr. Land reported that the interest rate is locked until closing. If the District moves forward today, this will be closed in July with locked interest rates. The total debt service savings over the life of the 2019 refunding are \$2,135,881, which equates to 3.91%.

Manager Moody reported that equally as important to the savings is the issue with tax exempt status with current debt. Refinancing will also place the District in taxable status. Mr. Land added they have been able to negotiate with the lender to provide very favorable redemption provisions.

Director McGurk inquired if Mr. Porr will check the placement recommended by the Placement Agent (Brandis Tallman). Mr. Brown replied yes. It is the Municipal Advisor's fiduciary responsibility to check the work of the Placement Agent. Mr. Porr added that he thinks the offering is favorable to the District and recommends the District proceed.

Manager Moody reported he recently received a call from the other firm that also presented information to the Board in the past; however, their approach was through a public offering. In full disclosure to the Board, Manager Moody advised he wanted to let the Board know he had received word for this agency. Going with a public offering, the District would have to complete a disclosure form to explain tax status and publish this information publicly.

Director Cortopassi inquired if the District has a fiduciary responsibility to explore other options, other than what is being presented. Manager Moody replied no. Manager Moody added he provided the Urban Contractors with the term sheet and received no comments. At the last negotiation meeting, the Urban Contractors were in favor of moving forward with the bond refinancing.

- b. Resolution No. 19-20-01 – Approving The Execution And Delivery Of An Installment Purchase Agreement And Certain Documents In Connection With The Refinancing Of Certain Water Treatment Plant And Other Improvements And Certain Other Matters

A motion was moved and seconded to approve Resolution No. 19-20-01 – Approving The Execution And Delivery Of An Installment Purchase Agreement And Certain Documents In Connection With The Refinancing Of Certain Water Treatment Plant And Other Improvements And Certain Other Matters, as presented.

Roll Call:

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

- 6. Resolution No. 19-20-02 – Placing in Nomination Thomas McGurk as a Member of the Association of California Water Agencies for Region 4 Board of Directors  
Manager Moody provided the Board with Resolution No. 19-20-02 – Placing in Nomination Thomas McGurk as a Member of the Association of California Water Agencies (ACWA) for Region 4 Board of Directors. Director McGurk replied he agrees with this nomination as San Joaquin County needs representation in ACWA.

A motion was moved and seconded to approve Resolution No. 19-20-02 – Placing in Nomination Thomas McGurk as a Member of the Association of California Water Agencies for Region 4 Board of Directors, as presented.

Roll Call:

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

7. Greater Stockton Chamber of Commerce 2019-2022 Board of Director Election

Manager Moody provided the Board with the 2019-2022 Board of Directors Ballot for the Greater Stockton Chamber of Commerce election. The five (5) nominees are Darryl Curry, Kaiser Permanente Central Valley; Cathy Douma, Minuteman Press of Stockton; Elizabeth H. Kim, Esq., Neumiller & Beardslee; Roy Nightengale, KSTN 105.9 – The Bull and Chad Sublet, Verve Networks.

Director Watkins inquired if anyone knows anything about the candidates on the ballot. Director McGaughey replied the Chamber prefers a decent percentage of votes for candidate, as the candidates equally appreciate a high voter turnout.

Director McGurk recommended supporting the slate of nominees that has been provided by the Chamber.

Director McGaughey advised she does not disagree with the vote, but will abstain as she has already personally cast her ballot.

A motion was moved and seconded to approve the slate of five Nominees as casted on the Ballot presented for the Greater Chamber of Commerce 2019-2022 Board of Directors Election, as presented.

Roll Call:

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

8. Stockton East Water District – Raw Water Storage and Delivery Reliability Improvement Project Update

Manager Moody reported the original completion date for this Project is scheduled for May 28, 2019. Due to rain and weather delays, the contractor is requesting to move the completion date to somewhere in mid-July. Once staff receives a formal request it will be brought to the Board for consideration and approval.

Manager Moody reported that a final major part of the Project is to add a tie-in from the East Reservoir, which is normally the raw water reservoir for the Water Treatment Plant. Doing this means the District can only run off Peters Pipeline; however, Peters Pipeline is normally not under pressure and is of concern to staff. Contractors are expecting this next phase to take about 6 weeks, ending in June sometime. Staff is in discussion with the Contractor to try and bring the estimated time down to 4 weeks. Staff has been running water through Peters Pipeline more than

normal for testing. The District would need to run at a rate of 35 mgd to be able to continue to supply water to the City of Stockton and Cal Water.

Manager Moody advised the only other option would be to postpone the work until next fall, however, that may incur additional expenses. Manager Moody suggested moving forward and have staff continue to monitor Peters Pipeline every day. Staff has been in communication with Cal Water to advise on the change of process.

Director Watkins suggested running the system and using this time to determine where the defects are in the pipe and fixing the issues along the way.

Director Cortopassi inquired on the potential of using Calaveras River water. Manager Moody replied Calaveras water could be used, but it would still have to come down from Peters Pipeline from the constant head vault.

Director Watkins inquired if staff is worried about Peters Pipeline not holding pressure and if that reconciles with the slide gates at the constant head vault previously talked about. Director Watkins ~~directed~~suggested staff ~~to~~ operate the pipeline to meet the water treatment plant's needs but also to address the pipeline's repair.

Director Cortopassi inquired if this Project is why the District is not using water from New Hogan. Manager Moody replied no, staff generally uses New Melones water during the summer because it is a better water quality. Manager Moody advised staff will look at the water source options.

Director Cortopassi suggested staff look at the piping and pump issue to get water to Lagorio's property, as now would be a good time to evaluate how to put valves underground. Manager Moody advised staff is looking into this.

## **E. COMMITTEE REPORTS**

1. Groundwater Sustainability Plan Advisory Committee (PAC) Meeting, 05/08/19  
Assistant Manager Lee attended the May 8, 2019 Groundwater Sustainability Plan Advisory Committee (PAC) Meeting. Assistant Manager Lee reported discussion focused on the schedule of future meetings. Currently, the JPA's mission is to complete the GSP. The agreement states that the JPA may continue, but does not specifically say what the group would be responsible for doing. The Advisory Committee will be taking information to the JPA Board regarding future meetings soon. Manager Moody added he always believed the JPA would continue after the GSP is written, as the Department of Water Resources will need a focused entity to call if they have questions on the GSP. Assistant Manager Lee reported there was a discussion on reviewing draft chapters of the GSP and returning to the Consultants to ensure the deadline for submittal is not missed. Legal Counsel Zolezzi has already reviewed the chapters on behalf of the District. There was discussion on the County coordination process and the County will be volunteering Kris Balaji as the Plan Administrator. Assistant Manager Lee noted the Consultant contract will end as soon as the GSP is complete. The next meeting is scheduled for June 12, 2019.
2. Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting, 05/08/19  
Director Panizza and Assistant Manager Lee attended the May 8, 2019 Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting. Director Panizza reported

Supervisor Winn did not attend the meeting, so Director Panizza presided over the meeting. Director Panizza reported only 6 of the 10 items on the agenda were discussed. There was discussion on those who are not pleased with the process, which slowed down discussion of other agenda items. Director Panizza reported that the Consultant is at the end of their contract so County staff will be taking over their functions. There was approval of items that have been discussed for the last few months, such as; sustainability indicators and indexing requirements. There was no discussion on the Groundwater Dependent Ecosystem Approach or Inter-Basin Coordination and no update from the Department of Water Resources was provided. Director Panizza reported there were fewer people in attendance than usual. Manager Moody advised he heard that there was discussion regarding curtailing of pumping. Director Panizza replied there was. Legal Counsel Zolezzi inquired how this issue was addressed. Director Panizza replied there was only discussion on the issue. The next meeting is scheduled for June 12, 2019.

3. Eastern San Joaquin Groundwater Authority Informational Meeting (SGMA Outreach Meeting), 05/08/19  
Nothing to report.

4. San Joaquin County & Delta Water Quality Coalition Meeting, 05/13/19  
Director Cortopassi attended the May 13, 2019 San Joaquin County & Delta Water Quality Coalition Meeting. Director Cortopassi reported there was discussion on the financial statement and the program manager's report. The Coalition will be submitting the 2019 annual report for chemical monitoring. Water monitoring will have a different scale measuring acute versus chronic monitoring. There was discussion on Governor Newsom's administration banning chlorpyrifos in California. Director Cortopassi reported there was discussion on groundwater trend monitoring and sampling water for nitrates. Currently, only domestic wells on farms that have people residing on the land are being tested. There was discussion on MPEP and SWAT monitoring. There was discussion on mercury monitoring. Mercury is a natural occurring chemical, methyl mercury is what fish can ingest and become infected with mercury poisoning. There will be methyl mercury monitoring conducted upstream. Governor Newsom increased the State Budget Fees; there will be a 10-15% annual fee increase in reporting from the Coalition report to the Regional Board. It is estimated to be ~\$0.10-\$0.15 per acre. Director Cortopassi reported CV Salts will be establishing an advisory board. The next meeting is scheduled for June 10, 2019.

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

1. Water Supply Report as of 05/13/19

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 224,914 AF in storage at New Hogan Reservoir. Current releases are set at 324 cfs. There is 1,964,466 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 2,006 cfs and release to all water users are set at 3,196 cfs. There are 10 irrigator(s) on New Hogan, 0 irrigator(s) on New Melones and 1 irrigator(s) Out-of-District. The water treatment plant is currently processing 29 mgd. The City of Stockton is currently processing 19 mgd.

Manager Moody reported some weather sites are calling for as much as 5-inches of rain in Valley Springs through the weekend. If the District runs the water at a higher cfs it could be concerning.

Manager Moody suggested running the system at about 100 cfs. Director McGaughey suggested planning for the worst. Manager Moody replied if a heavy rain comes through staff can adjust the flow. Director Watkins added if two rows of the dam boards are removed that should provide extra room in the canals. Director Cortopassi added the hills should absorb water right now so staff should not expect runoff too quickly.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3, F2a-4, F2a-5, F2a-6, F2a-7, F2a-8, F2a-9, F2a-10 and F2a-11.

3. Report on General Manager Activities

a. Stockton East Water District Activities Update

Manager Moody reported Assistant Manager Lee and her team were able to secure a \$1,952,559 matching grant for the Bellota Fish Screen and Passage Improvement Project. Manager Moody advised that this grant is for the planning stage of the Project. Staff is waiting to hear back about moving forward. Manager Moody added planning grants are given for projects with the intention that future phases will also potentially be funded.

Manager Moody reported Dale Kuil, Board of Director for South San Joaquin Irrigation District has passed away. Information on his services will be provided to the Board as it becomes available.

Manager Moody reported the District website is back up and running. The website was hacked and there was quite a bit of malware. Go Daddy has fixed the issues.

Manager Moody reported staff has been attempting to schedule an Eastern Water Alliance meeting, however, they have not heard back from Central San Joaquin Water Conservation District. Staff will move forward with scheduling the meeting on May 24<sup>th</sup> at 12:00 Noon.

## G. DIRECTOR REPORTS

1. Greater Stockton Chamber of Commerce Monthly Mixer – Neumiller & Beardslee, 05/02/19  
Director Watkins attended the May 2, 2019 Greater Stockton Chamber of Commerce Monthly Mixer and Neumiller & Beardslee. Director Watkins reported there were many people in attendance. Neumiller & Beardslee's new office is nice and very large.
2. San Joaquin Council of Governments 2019 One Voice Trip, 05/04/19 – 05/09/19  
Director Watkins and Consultant Barkett attended the San Joaquin Council of Governments 2019 One Voice Trip. Consultant Barkett reported the overall assessment is that this trip was much more dominated by south County interests than City of Stockton. Director Watkins added it was one of the smaller crowds that he has seen. Consultant Barkett reported there was a lot of discussion on Highway 120 and the link project for BART into Tracy. There was discussion of the infrastructure package, of which, water was supposedly included in this discussion. Consultant Barkett reported during a meeting with the USACE, there was discussion on Farmington Dam. Consultant Barkett and Director Watkins were advised that the District can apply for temporary permits on an annual basis to hold water back for recharge. Consultant Barkett reported they met with Congressman Harder and his staff, they now have a good source of who to contact for any future needs of the District. Consultant Barkett emailed Congressman Harder's staff after their meeting; they were responsive and well versed about SGMA. They briefly spoke with Congressman McNeerney. Director Watkins reported they met with the USBR

and discussed the nutria problem. Director Watkins reported when they met with the USACE there was discussion on the Tainter Gate Project. Manager Moody added he will be meeting with the local USACE representatives soon to discuss this Project and schedule of releases over the summer. Director Watkins reported they attended the Kennedy Center Tour and it was a nice time.

3. Association of California Water Agencies – 2019 Spring Conference Monterey, CA, 05/07/19 – 05/10/19

Directors Atkins, McGurk, Sanguinetti and Manager Moody attended the Association of California Water Agencies – 2019 Spring Conference in Monterey, CA. Director McGurk reported the group met with the USBR and Manager Moody had prepared a summary of pertinent information ahead of time, which they appreciated. Ernest Conant, Mid-Pacific Regional Director conducted the meeting and asked questions of the group. Manager Moody reported E. Joaquin Esquivel, Chair, State Water Resources Control Board (SWRCB) was the keynote speaker at Thursday’s luncheon. His keynote address focused on the tunnel project and water tax. During the water tax portion, Mr. Esquivel mentioned the SWRCB would collect the tax, but not access it. He advised the tax would not be increased during its lifespan and when all the necessary money has been collected, the tax would be removed. Manager Moody reported Mr. Esquivel was a panelist on the “Statewide Issues Forum: Voluntary Agreements: A Way Out of the Delta Dilemma?” During this session Director Sanguinetti voiced his opinions, those in the audience were pleased with what he was saying. Director Atkins reported there was a lot of discussion on unimpaired flows during the conference. Director McGurk reported John Herrick, General Counsel, South Delta Water Agency, spoke about the water quality in the South Delta. Director McGurk reported Jared Blumenfeld, California’s Secretary for Environmental Protection was the keynote speaker at Wednesday’s luncheon and he spoke to the same items as Mr. Esquivel. Director McGurk reported he attended the “Beyond the Brink: A Matter of National Security” documentary screening. There was discussion on the five climates in the world that are the most prime to grow food and the Central Valley is one of the five. The documentary depicted society’s future in a world where water, food and natural resources teeter on the edge of sustainability and how scarcity of these resources pose a threat to national security. Director McGurk reported he attended the Region 4 Business Meeting. The current Chair, Pam Tobin does not want to be Chair any longer, as she will be running for Vice President of ACWA. There will be a Region 4 event in July or August for the habitat project in Yolo and Solano Counties. ACWA has hired a Consultant for a social media campaign to relay the message that they are against the water tax.

## H. COMMUNICATIONS

1. New Melones Conveyance System – 2019 Wheeling Request from Central San Joaquin Water Conservation District

Manager Moody provided the Board with correspondence from Central San Joaquin Water Conservation District regarding New Melones Conveyance System – 2019 Wheeling Request. This item was for information only.

2. Assembly Bill 217 (E. Garcia) – Safe Drinking Water Funding/Water Tax – Oppose Unless Amended Letter, 04/30/19

Manager Moody provided the Board with correspondence from the Association of California Water Agencies (ACWA) regarding Assembly Bill 217 (E. Garcia) – Safe Drinking Water Funding/Water Tax – Oppose Unless Amended Letter. This item shows the agencies that signed onto the letter. This item was for information only.



**I. AGENDA PLANNING/UPCOMING EVENTS**

1. ACWA State Legislative Committee Meeting, 10:00 a.m., 05/17/19
2. Central Valley Project Water Association – Executive & Financial Affairs Committee, 10:00 a.m., 05/17/19

**J. REPORT OF THE COUNSEL**

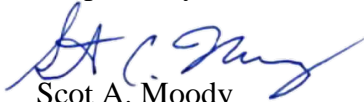
1. Closed Session - Existing Litigation  
Stockton East Water District vs. City of Stockton, et al.  
Government Code 54956.9 (a)
2. Closed Session - Potential Litigation  
Government Code 54956.9 (c) – three cases

President Panizza adjourned the meeting to closed session at 2:06 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:45 p.m., with no reportable action.

**K. ADJOURNMENT**

President Panizza adjourned the meeting at 2:46 p.m.

Respectfully submitted,



Scot A. Moody  
Secretary of the Board

tbc

