

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 21, 2019 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Panizza called the regular meeting to order at 12:22 p.m., and Manager Moody led the Pledge of Allegiance.

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

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 05/14/19 Regular Meeting

Director McGurk made the following correction to the minutes:

- Page 5, section D-8, 6th paragraph, 2nd sentence – strike “directed” and replace with “suggested” and strike the word “to”.

Director Cortopassi made the following correction to the minutes:

- Page 5, section D-8, 8th paragraph, 1st sentence – add “as now would be a good time to evaluate how to put valves underground”.

A motion was moved and seconded to approve the May 14, 2019 Regular Meeting Minutes, as amended.

Roll Call:

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

Nays: None

Abstain: None

Absent: McGaughey

2. Stockton East Water District – Revised 2019 Water Rates

a. Public Hearing

President Panizza opened the Public Hearing at 12:24 p.m. to receive comments on the revised 2019 Water Rates and associated Ordinance.

The District circulated notice of this public hearing in the Stockton Record on May 11, 2019 and did not receive any comments.

Manager Moody reported when the 2019 water rates were approved at the April 9, 2019 Regular Board Meeting, the District did not have a Temporary Water Transfer Agreement finalized to determine an amount per acre foot for Out of District water.

Manager Moody reported the Out of District rate will be the cost of water designated under the purchase contract, plus a charge up to \$27.81, depending on where the landowner is on the system.

Seeing no public comment, President Panizza closed the Public Hearing at 12:27 p.m.

- b. Ordinance No. 45 – Revising Municipal Groundwater Assessments, Agricultural Groundwater Assessments, Domestic Groundwater Assessments, Charges for Stream-Delivered Water And Charges For Out-Of-District Water For Calendar Year 2019
Manager Moody provided the Board with revised Ordinance No. 45.

A motion was moved and seconded to adopt Ordinance No. 45 revising municipal groundwater production assessment at \$334.97/AF (\$331.37/AF municipal groundwater rate equalization plus \$3.60/AF municipal groundwater assessment); agricultural groundwater assessment at \$5.36/AF; domestic unit assessment at \$45.50/domestic unit; agriculture surface water assessment at \$23.00/AF and out-of-district water rate from New Melones Reservoir at the cost designated under the purchase contract, plus a wheeling rate of \$27.81/AF, as presented.

Roll Call:

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

3. Stockton East Water District Policy Manual – Establishing Program Incentives for Encouraging the Use of Surface Water Policy No. 3085, 05/21/19

Manager Moody provided the Board with Policy No. 3085 Establishing Program Incentives for Encouraging the Use of Surface Water Policy. Manager Moody reported the Agricultural Operations Committee reviewed the Policy at their last meeting and requested staff provide the document to Legal Counsel for revise. Those comments are shown in the Policy provided in the Agenda Packet.

Manager Moody reported the intent of this Policy is to incentivize landowners to use surface water and the District will help with the burden of installing new infrastructure. Manager Moody added that it is stated in the Policy that the Board can amend the Policy as any time.

Manager Moody reported the customer is responsible for installing improvements at their own cost in accordance with the Policy. As an incentive, the District will charge the customer the cheaper groundwater rate for a maximum of 7 years or until the cost of the infrastructure is recouped. Should a customer apply for this program and the Board approves the application, the customer must use surface water when available for all future irrigation. There will be a penalty applied if the customer does not use surface water when available. Manager Moody reported there are exceptions to this rule if the customer communicates their issue and works through it with the District.

Director Cortopassi reported that the incentive component of the Policy is not spelled out and how the amortization would be determined. There should be more explanation that the incentive is the savings between the groundwater and surface water rates and the savings in turn pay for the new infrastructure.

Director Sanguinetti suggested it would be easier if in the Policy provided an example with figures showing the potential savings between surface water and groundwater costs.

Director McGurk suggested adding specific figures based on the water rates that are approved and updating it annually. Manager Moody replied this could be arranged and updated annually.

Director Watkins advised the first page of the Policy states the purpose. Director McGurk added that the formulas for billing should be present. Legal Counsel Zolezzi suggested adding the agreement as an exhibit so all the program requirements would be available upon reviewing the Policy. The agreement specifically stated that the landowner will be charged the then applicable groundwater rate instead of surface water as determined by the District.

President Panizza inquired if a specific section of the Policy should be rewritten to explain the charges. Legal Counsel Zolezzi replied a single sentence explaining the charges could be added.

A member of the public, Julie Eilers Clary addressed the Board and reported that she is a local farmer and her property consists of contiguous acreage supplied by Peters Pipeline. Per the existing Easement Agreement between the landowner and the District, she will be provided with surface water for when she needs it. Mrs. Clary plans to use surface water but questions the incentives a landowner would receive after the 7-year period if groundwater is cheaper.

Mrs. Clary further explained that the penalty as stated is 10 times the amount of the then groundwater rate if available surface water is not used. She suggested that there should be concise language detailing how to work with District should there be a reason when available surface water cannot be used. Director Cortopassi replied the reason for the penalty was to keep landowners from using groundwater once the infrastructure is in place, even after the incentive period has lapsed.

Mrs. Clary stated it would be better for the groundwater basin and the District to mandate surface water use in this Policy. Director Watkins replied the agreement between the District and the landowner would implement the Policy to use surface water when available from the day the agreement took effect.

Director Sanguinetti reported the intent of this Policy is to help landowners switch to surface water before the state mandated Sustainable Groundwater Management Act (SGMA) program. The State could impose a cap on groundwater use if a groundwater basin is not sustainable. Mrs. Clary replied that she understands the importance of using surface water, but the perspective of fellow farmers is that this Policy does not provide much of an incentive and perhaps the District could do more.

President Panizza reported that the Committee worked hard on this Policy, however, there is still a lot of discussion surrounding it and perhaps the Committee could continue to work on the language or have Legal Counsel review the Policy again.

Mrs. Clary inquired if she could complete and submit the application now, prior to the Policy being adopted. Manager Moody replied that the staff will email her a copy of the application.

Mrs. Clary explained that her property encompasses a large amount of acres and it is unlikely she would be able to use one pump for the entire area. She is concerned that there is a limit to how many acres could be irrigated with surface water. Director Watkins replied she would need to advise the District with how many acres need to be irrigated under the agreement.

Consultant Barkett suggested there should be a statement within the Policy that identifies who will receive water should there be a limited supply. Legal Counsel Zolezzi replied this clause is spelled out in the agreement.

Manager Moody reported that this Policy should provide examples but may not pertain to every applicant.

President Panizza inquired if staff has previously worked with landowners regarding this process. Manager Moody replied yes. Staff meets with landowners, reviews the application, gathers details, and provides information to the Board for approval. The agreement will identify specifics about the project and the role the District will undertake.

Manager Moody reported that Mrs. Clary's case is unique, as there was no Policy at the time of her request. Once the Policy is in place staff will be clear on how to move forward with landowners.

Manager Moody reported there have been many good comments received from both the Board and public comment, and suggests that staff review the Policy further then provide further edits for review by Legal Counsel.

Consensus of the Board was to bring this item back to the Board for further consideration and approval.

E. COMMITTEE REPORTS (None)

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 05/20/19

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 225,054 AF in storage at New Hogan Reservoir. Current releases are set at 119 cfs. There is 2,001,455 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 2,009 cfs and release to all water users are set at 2,488 cfs. There are 1 irrigator(s) on New Hogan, 0 irrigator(s) on New Melones and 0 irrigator(s) Out-of-District. The water treatment plant is currently processing 24 mgd. The City of Stockton is currently processing 20 mgd.

2. Information Items:

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

3. Report on General Manager Activities

a. ACWA State Legislative Committee Meeting, 05/17/19

Manager Moody attended the May 17, 2019 ACWA State Legislative Committee Meeting. Manager Moody reported there was discussion on Dave Eggerton's trip to Washington, D.C. last week where there was discussion on headwaters. Manager Moody reported ACWA officials had a private meeting with E. Joaquin Esquivel, Chair, State Water Resources Control Board (SWRCB) after his keynote address during the Conference and his position on things he had just discussed had changed. Manager Moody reported there was no movement on the bills during this meeting, just staff recommendation. Director McGurk inquired what the Chairman of the State Legislative Committee does while the Committee discusses bills back and forth. Manager Moody replied the way this Committee operates is that staff presents a synopsis and recommendation on position and it is up to the Committee members to support their position. The next meeting is scheduled for June 14, 2019.

b. Central Valley Project Water Association – Executive & Financial Affairs Committee, 05/17/19

Finance Director Vega attended the May 17, 2019 Central Valley Project Water Association – Executive & Financial Affairs Committee Meeting. Finance Director Vega reported staff is continuing to change within the USBR. Generally, this complicates outstanding items on the agenda until staff is in place who can become acquainted with the issues. Comments were received for the Cost Allocation Study and USBR staff indicated they will make efforts to respond to every comment and publish responses before the report is submitted to the Commissioner and approved. USBR is working on CVPIA credits to power contractors, due to staff turnover they are waiting for the legal team to provide comments. There was discussion on aging infrastructure and how it will be paid, the Executive Committee and USBR staff is working to determine a proposal for acceptance. The next meeting is scheduled for June 14, 2019.

c. Stockton East Water District Activities Update

Manager Moody requested leave beginning Wednesday, May 22nd through Friday, May 24th for family reasons.

G. DIRECTOR REPORTS (None)

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. Greater Stockton Chamber of Commerce – 2019 State of the City, 10:30 a.m., 05/23/19
2. Eastern Water Alliance Meeting, Noon, 05/24/19
3. District Holiday – Memorial Day, 05/27/19

J. REPORT OF THE COUNSEL

1. Closed Session - Potential Litigation
Government Code 54956.9 (c) – two cases

2. Closed Session - Existing Litigation
Stockton East Water District vs. City of Stockton, et al.
Government Code 54956.9 (a)

President Panizza adjourned the meeting to closed session at 1:29 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:15 p.m., with no reportable action.

K. ADJOURNMENT

President Panizza adjourned the meeting at 2:16 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

