

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, AUGUST 20, 2019 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Panizza called the regular meeting to order at 12:23 p.m., and Director Watkins led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGurk, Panizza, Sanguinetti and Watkins. Director McGaughey was absent. 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 08/13/19 Regular Meeting

Director McGurk made the following corrections to the minutes:

- Page 1, section C, 1st thru 5th paragraphs – strike “Dean” and replace with “Ding”.

Shannon Ding, Cal Water, made the following corrections to the minutes:

- Page 1, section C, 1st paragraph, 1st sentence – strike “Vice President of Corporate Communications and Community Affairs” and replace with “Regional Community Affairs Specialist”.
- Page 1, section C, 4th paragraph, 1st sentence – strike “water agencies” and replace with “the legislature”.

A motion was moved and seconded to approve the August 13, 2019 Regular Meeting Minutes, as amended.

Roll Call:

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

Nays: None

Abstain: None

Absent: McGaughey

2. Warrants

- a. Fund 56 – Construction 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 & Heavy Equipment

Director Cortopassi inquired if there is anything out of the ordinary in the warrants. Manager Moody replied most everything are average purchases and within budget. Manager Moody added staff will research the expense on page 17, line item 10 for Brake Products Inc for materials for repair of electrical cable take-up on Travelling Bridge in the amount of \$11,020.55.

Director Sanguinetti inquired on the expense on page 13, line item 19 for Stockton Fence & Material Co. for Bellota site fence repairs along Shelton Road in the amount of \$5,638. Manager Moody replied it was for 20-30 feet of fence from a vehicle crashing through the fence. The individual had no insurance.

Director Atkins inquired on the expense on page 13, line item 4 for Applied Industrial Technologies for materials and labor for Duck Creek trash rack 2 conveyor in the amount of \$5,983.47. Manager Moody replied when this equipment was originally installed, the belt was too wide for the conveyor and ended up destroying the equipment.

Director McGurk inquired on the expense on page 17, line item 11 for Brenntag Pacific, Inc. for caustic soda shipped on 07/24/19-07/31/19 in the amount of \$15,584.02. Assistant Manager Lee replied Brenntag Pacific, Inc. was part of the chemical vendor list approved by the Board at the beginning of the Fiscal Year.

A motion was moved and seconded to approve the August 20, 2019 Warrants, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: McGaughey

3. Stockton Area Water Suppliers (SAWS) Education Program Annual Report – 2018/2019 School Year (Presentation by Water Conservation Coordinator Kristin Coon)
Water Conservation Coordinator Coon presented the SAWS Education Program Annual Report for the 2018/2019 School Year to the Board. Water Conservation Coordinator Coon reported this is the 15th year of the Water Education Program and provided a handout of the Annual Report and gave an overview that included; Report Summary, Full Report, Program Statistics and Feedback.

Water Conservation Coordinator Coon reported in the 2018/2019 school year, the SAWS Program offered six grade-level specific in-call presentations and an after-school/special event program. This year, the SAWS Program served 23,980 participants through a variety of in-class, event and after school programs, and 2,151 elementary school students through the Zun Zun “Water Beat” Assembly Program, reaching a total of 26,131 Stockton area students and citizens.

Water Conservation Coordinator Coon reported the SAWS Program visited 61 Stockton area schools, presented in 381 classroom and staffed a booth at local events for 23,980 students and citizens. The Zun Zun Assembly Program performed for 2,151 students in five Stockton area schools.

Water Conservation Coordinator Coon reported the SAWS Program participated in the following events: San Joaquin County Ag Venture Events in South County, Stockton and Lodi; Manteca Unified School District's Farm Days; Stockton's Earth Day Festival at Victory Park; Lincoln High School's "Window on Your Future" career path development event and Lincoln Unified School District's Summer Session at Tully Knoles Elementary School. Water Conservation Coordinator Coon attended DWR's Water Education Committee annual meeting for California water educators in Long Beach.

Water Conservation Coordinator Coon reported invitations to book presentations for the 2019/2020 school year were sent out in early May and the schedule was completely booked within 10-15 days and a waiting list has been established.

Water Conservation Coordinator Coon reported presentations are designed for each grade level and are excellent follow-ups to standard curriculum and allows for hands-on activity.

Water Conservation Coordinator Coon reported she has two members of staff, Mrs. Kelly who has been with the Program for 5-years and Mrs. Kirchof 2-years. Both have signed on for another year.

Water Conservation Coordinator Coon reported her favorite section of this report is the feedback section. Evaluations are given to all teachers in an effort to help improve the Program. Students also send drawings and thank you notes to Water Conservation Coordinator Coon and her staff explaining what they enjoyed about the lesson.

Water Conservation Coordinator Coon reported the teachers and administration who participate in the Program always express appreciation to the water providers who sponsor the Program.

Director McGurk inquired if the handouts given to students are purchased through Channing Bete. Water Conservation Coordinator Coon replied yes, then personalized with the SAWS information. SAWS has also personalized a handout of the District's entire water treatment process that is simple enough for a 5th grader, but accurate enough to know the process. Some schools schedule tours of the Plant, which are extremely educational. However, not all schools can afford a bus for a field trip to the Plant or have enough volunteers to coordinate driving the students. Water Conservation Coordinator Coon reported she has applied for educational grants to pay for bussing students to the Plant for tours.

Director McGurk inquired how results are measured. Water Conservation Coordinator Coon replied it is hard to quantify. Water Conservation Coordinator Coon reported once way to see that a difference has been made was during the droughts; Stockton was one of the best in the state for water conservation. The thought is that this Program helped influence choices during this time.

Director Cortopassi commented on the pamphlet that is distributed to students is nice and that it looks like it would help get them involved in reading about water conservation.

Water Conservation Coordinator Coon thanked the Board for their time and support.

4. JWT and Associates, LLP – Certified Public Accountants – Audited Financial Statements Presentation For Fiscal Year 2018/2019

Jeremy Ware with JWT and Associates, LLP gave a presentation on the District’s draft Fiscal Year 2018/2019 Audited Financial Statements.

Mr. Ware gave a summary to the Board of the four (4) required communications (Audit Results) which included a modified (qualified) audit opinion on financial audit; no audit adjustments; no disputes or disagreements with District staff during the course of the audit and total assets (\$159,365,653).

Mr. Ware provided a summary of the Independent Auditors’ Report and explanation of the Basis for Qualified Opinions; Management’s Discussion and Analysis; Statement of Net Position as of March 31, 2019 to include assets. Mr. Ware also provided a review of the District’s Statement of Revenues, Expenses and Changes in Net Position as of March 31, 2019.

Mr. Ware spoke about the GASB 75 requirements and how they apply to Other Post-Employment Benefits (OPEB). The total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of April 1, 2018. Director Cortopassi inquired if the District is currently accruing. Finance Director Vega replied yes. Previously this information was in the notes of the audit, however; due to GASB 75 it has to be disclosed in the full document.

Director Cortopassi inquired what OPEB covers. Finance Director Vega replied health benefits for retirees who were hired before 2015. Manager Moody added it is a bill the District pays directly. It shows we are accruing for audit purposes, even though we are funding it in the County system. The District has an account for OPEB that is funded; however it cannot be recognized under GASB regulations because it is not in an irrevocable trust.

Manager Moody advised the Board to provide staff with any comments and staff will bring this item back for Board consideration to approve.

5. Stockton East Water District – SCADA System Implementation & Programming Technical Support Memo

Manager Moody provided the Board with a memo on the SCADA System Implementation & Programming Technical Support. Manager Moody reported in February 2019, the Board approved a Professional Services Agreement with Municipal Automation Services (MAS) to evaluate the pre-design report and provide recommendation to staff as to how to approach SCADA implementation.

Manager Moody reported MAS discovered the following significant items: based on a 3-year implementation plan, the total cost is estimated to be ~\$2.2 million compared to the previously estimated \$4.6-\$4.8 million; SCADA platform installation; filter I/O replacement with PLC control addition and historian system implementation.

Director Sanguinetti reported a historian would allow staff to check previous problems and how they were fixed. Manager Moody replied this system would also have specific logins for each operators so you can see who did what and when. This system would also increase the ability to share information with customers.

Director Cortopassi inquired with the SCADA system involves more than just the Water Treatment Plant. Manager Moody replied eventually it will integrate with accounting, reporting and billing. Currently the District is focusing on the M&I and Water Supply side of the SCADA system.

Director Atkins inquired on the timeline to complete the recommended components. Manager Moody replied it is estimated around 18-months. This work has been budgeted in this Fiscal Year and will budget more in the next Fiscal Year to finish up the 18-months.

A motion was moved and seconded to procure the services of Municipal Automation Services for technical support services for SCADA implementation in an amount not to exceed \$188,870; and to procure the services of Control Point Engineering to provide SCADA configuration services in the amount of \$270,150 with a 10% contingency allowance in the amount of \$46,000, as presented.

Roll Call:

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

6. The Coalition For Fire Protection & Accountability

Manager Moody provided the Board with information from the Coalition for Fire Protection and Accountability. Manager Moody reported Shannon Ding, Regional Community Affairs Specialist, Cal Water provided a presentation to the Board at the August 13, 2019 Regular Board Meeting on the Coalition for Fire Protection & Accountability regarding moving from strict liability to fault based standard for liability.

Manager Moody recommended to the Board that the District consider joining the Coalition in this matter. Director Sanguinetti added the District's customers might feel safer if the District were to join this cause.

Mel Lytle, City of Stockton reported the City will be discussing this issue at their Legislative Committee in September. The City is trying to be proactive on this topic.

A motion was moved and seconded to join the Coalition For Fire Protection & Accountability, as presented.

Roll Call:

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

E. COMMITTEE REPORTS

1. Groundwater Sustainability Plan Advisory Committee (PAC) Meeting, 08/14/19

Manager Moody attended the August 14, 2019 Groundwater Sustainability Plan Advisory Committee (PAC) Meeting. Manager Moody reported each GSA had to complete a Notice of Intent to approve the GSP. The law states a GSA may adopt or amend a GSP after a public hearing, held at least 90-days after providing notice to a city or county within the area of the

proposed plan or amendment. Legal Counsel Zolezzi reported she has comments and will send them to Manager Moody. Manager Moody reported there was discussion about going forward after adoption of the GSP and who will take on various roles and tasks; like, water quality sampling, well level monitoring, coalition reports and 5-year update. There was discussion on the loss study on the Mokelumne River, as it is written; everyone needs to pay for the loss study whether or not they are affected. Legal Counsel Zolezzi reported the way it is currently worded, the entire basin benefits from seepage from the Mokelumne; however, if they are evaluating the Mokelumne, than other rivers needs to be included too. Manager Moody added the District's GSA will have to think about how it wants to monitor the hole to prove or disprove it getting better or worse. Manager Moody reported when the Board gets ready to approve the GSP we will post a public notice and hold a public hearing. The next meeting is scheduled for September 11, 2019.

2. Eastern San Joaquin Groundwater Authority Workgroup Meeting (SGMA Outreach Meeting), 08/14/19

Mike Callahan, San Joaquin County reported this meeting was not held. The group will reconvene in September.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 08/19/19

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 166,727 AF in storage at New Hogan Reservoir. Current releases are set at 299 cfs. There is 2,068,538 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 500 cfs and release to all water users are set at 2,010 cfs. There are 15 irrigator(s) on New Hogan, 5 irrigator(s) on New Melones and 2 irrigator(s) Out-of-District. The water treatment plant is currently processing 36 mgd. The City of Stockton is currently processing 27 mgd.

2. Information Items:

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

3. Report on General Manager Activities

- a. Central Valley Project Improvement Act (CVPIA) Stakeholders Meeting, 08/16/19

Finance Director Vega attended the August 16, 2019 Central Valley Project Improvement Act (CVPIA) Stakeholders Meeting. Finance Director Vega reported there was discussion on updating the 2003 business practice guidelines, which they want wrapped up by spring. The USBR is working with the Solicitor's Office; however, there is no actual opinion at this point. Finance Director Vega reported the last estimate in 2017 was power contractors were owed \$92 million, which meant water contractors had an obligation for \$150 million. A point of contention at the meeting were items the USBR spent money on and the law is silent on how those costs should be recovered. Manager Moody suggested a representative from Herum/Crabtree/Suntag work with Finance Director Vega to discuss USBR issues. Legal Counsel Zolezzi request Finance Director Vega send a list of meeting attendees to her. Director Watkins suggested speaking with the USBR in Washington, D.C. as those are the representatives that can enact change. The next meeting is scheduled for September 20, 2019.

b. Stockton East Water District Activities Update

Manager Moody reported to the Board that the 2019 Fall ACWA Conference will be held the first week of December in San Diego. He queried the Board to see who is interested in attending. Director Atkins, McGurk, Sanguinetti, Watkins and Manager Moody will attend the Conference.

Manager Moody reminded the Board that Bryce Consulting will be onsite Wednesday, August 21st for a kick-off meeting to discuss the salary and benefits survey.

Manager Moody reported that he, Reid Roberts, CSJWCD and Legal Counsel Harrigfeld met with Jim Glaser, Local Agency Formation Commission (LAFCo) on August 14th to discuss the SEWD and CSJWCD consolidation. Mr. Glaser seems to think this will be a simple process. The first step is creating a sphere of influence and conducting a Municipal Service Review (MSR). Manager Moody reported LAFCo provided names of individuals who can help with this process, but LAFCo will add an additional 20% onto the costs for their help. Legal Counsel Zolezzi replied as there have been no changes from the last MSR the District should be able to use what they have. Manager Moody reported Mr. Glaser asked many questions and mentioned that the two Districts should be able to submit their sphere of influence, MSR, application and Negative Declaration at one time. Manager Moody reported that Mr. Glaser made it a point to note this is a consolidation, not a merger; there are distinct legal differences between the two. Director McGurk inquired on the Ad Hoc Committee Meeting that was scheduled for Thursday, August 22nd. Manager Moody replied this will be where the two Districts decide who will be paying for what items for this consolidation. Legal Counsel Zolezzi reported the biggest expense will be hiring an Engineer to write the legal description. President Panizza inquired if a timeline has been established. Manager Moody replied after the Ad Hoc Meeting there should be a clearer idea for a timeline.

G. DIRECTOR REPORTS

1. Greater Stockton Chamber of Commerce Annual Summer Diversity Mixer – Port of Stockton’s Robert Lindley House, 08/15/19
Nothing to report.
2. Tour of Central San Joaquin Water Conservation District (CSJWCD), 08/16/19
Directors Atkins, Cortopassi, McGurk, Sanguinetti and Watkins and Manager Moody and staff attended the tour of Central San Joaquin Water Conservation District (CSJWCD) on August 16, 2019. Director Atkins reported the attendees looked at the canals and pumps; and it was more comprehensive in terms of operation than he thought. Director Atkins reported CSJWCD’s Ag Foreman knows the system very well and was able to explain how it works and showed the groups some dams and retention ponds. It was a very informative tour. Manager Moody reported the attendees were told CSJWCD is 80,000 acres of land. Director Cortopassi reported that at Little Johns Creek near Farmington they have a pumping plant with three pumps that pump water uphill to the south. CSJWCD has utilized a straight drainage canal, which has lift stations throughout. President Panizza inquired how many staff participated in the tour. Manager Moody replied District Engineer Hopkins, Water Operations Manager Wunderlich, Water Supply Supervisor Donis and Associate Engineer Verduzco. Director Watkins reported their system was more impressive than what was expected. They have slide gates on the Upper Canal with ditches throughout and no one is currently taking

water along there. There is a potential ability to provide water to that side of CSJWCD once growers install pumps. Director Watkins reported when you look at map, there is not one spot with inability to not put water in any area. Director Sanguinetti reported currently timers for when they should go on and off set their pumps. Manager Moody reported the Engineering department put together a map for people to follow along while on the tour. Director McGurk inquired if staff provided feedback while on the tour. Manager Moody replied they thought it was in better shape than expected and were pleasantly surprised. There were some minor inexpensive things they thought could be made better, like float control or telemetry if the Ag or Water Supply SCADA system gets up running.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 08/21/19
2. ACWA State Legislative Committee Meeting, 10:00 a.m., 08/23/19

J. REPORT OF THE COUNSEL

1. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case
2. Closed Session - Personnel
Government Code 54957
3. 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 2:13 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:41 p.m., with the following reportable action:

A motion was moved and seconded to approve Resolution No. 19-20-05 – Thanking Personnel.

Roll Call:

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

K. ADJOURNMENT

President Panizza adjourned the meeting at 2:42 p.m.

Respectfully submitted,


Scot A. Moody
Secretary of the Board

tbc

