

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, SEPTEMBER 15, 2020 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

Vice President Watkins called the regular meeting to order at 12:31 p.m. and Director McGaughey led the Pledge of Allegiance.

Present at roll call at the District were Directors Atkins, Cortopassi, Sanguinetti and Watkins. Also present were Manager Moody, Assistant Manager Hopkins, Finance Director Vega, Administrative Services Manager Carido, Administrative Assistant Curtis and Consultant Barkett. Present at roll call via teleconference were Directors McGaughey and McGurk. Also present via teleconference was Legal Counsel Zolezzi. Director Panizza joined the teleconference at 12:33 p.m.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 09/08/20 Regular Meeting

A motion was moved and seconded to approve the September 8, 2020 Regular Meeting Minutes, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

2. Warrants

- a. Fund 56 – Construction Fund
- b. Fund 67 – Agricultural Fund
- c. Fund 68 – Municipal & Industrial Groundwater Fund
- d. Fund 70 – Administration Fund
- e. Fund 71 – Water Supply Fund
- f. Fund 89 – Fish Passage Improvements Fund
- g. Fund 91 – Vehicle Fund
- h. Fund 94 – Municipal & Industrial Fund
- i. Payroll
- j. Summary
- k. Short Names/Acronym List
- l. SEWD Vehicles & Heavy Equipment

Director McGurk inquired on the expense on page 15, line item 22 for Yriarte Sheep Company for UFC livestock grazing service in the amount of \$19,000. Manager Moody replied the

District was billed per acre of grazing and the acreage was underestimated by 9.7 acres, causing this cost to be just over the approved contract amount.

Director McGurk inquired on the expense on page 21, line item 4 for Burlingame Engineers, Inc. for Centrac pump service/repair kit for Chemical Feed pumps in the amount of \$1,002.30. Manager Moody replied there were 6 repair kits purchased, this does not include service.

Director Cortopassi inquired on the expenses on page 11, line items 1 & 2 for SEWD-Bank of Stockton Checking of Prin North site property qtr ending Oct 2020 in the amount of \$34,497.50 and Intr North site property qtr ending Oct 2020 in the amount of \$25,468.85. Manager Moody replied these costs are relative to the North Site property.

Director Cortopassi inquired on the expense on page 21, line item 20 for Hach Company for annual service of Hach equipment at WTP in the amount of \$22,236.20. Manager Moody replied the District has several Hach items onsite that are tested, calibrated and cleaned. Assistant Manager Hopkins added this cost was for the analyzer equipment that is used for water quality needs.

A motion was moved and seconded to approve the September 15, 2020 Warrants, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

Manager Moody reported on a follow-up from a previous Board Meeting regarding the cost of the District's Waste Management services. Manager Moody reported that the District is being billed in an open market plan and will be switching over to government pricing.

3. Stockton East Water District – County Costs and Alternative Options Memo, 08/13/20
 - a. Resolution No. 20-21-06 – Approving The Banking Services From Farmers & Merchants Bank Of Central California And The Payroll Services From Automatic Data Processing, Inc. (ADP)

Manager Moody reported this memo is the same that was presented to the Board at the August 25th Regular Board Meeting. Staff has worked through the Board questions that arose during that meeting.

Manager Moody reported that Finance Director Vega created a spreadsheet with all information showing a side-by-side view, which makes the information easier to read through.

Manager Moody reported overall, the best proposal the District received was from F&M Bank to house operating funds; utilizing a Local Agency Investment Fund (LAIF) account for operating and reserve funds; utilizing ADP for payroll processing and keeping the collections portion with the County.

Manager Moody reported there was also discussion on the District being able to begin processing credit cards for customer payments, as staff frequently receives requests for credit card use.

Director McGurk inquired what an ACH process is. Finance Director Vega reported ACH stands for automatic clearing house and in essence is like a bank transfer or wire. CalPERS no longer takes checks and only accepts ACH transfers.

Director McGurk inquired on the insurance that F&M offers regarding guarantee on returns. Manager Moody replied F&M Bank self-insures and is able to match 100% of the funds they are holding. Finance Director Vega reported when the District began this process, a requirement staff had was that banks hold at least 100% collateral of what they are holding for the District. Manager Moody added that from the amount staff proposes to move from the County, the majority of those funds will be going into a LAIF account, and only a few million will be housed at F&M Bank.

Director McGurk inquired if the District suggestion of using credit cards should be included in the resolution. Finance Director Vega replied it was not included as it is an optional service. If the Board agrees to it, it will be brought back in its own resolution.

Director Cortopassi inquired if staff is content with the County's payroll processing. Finance Director Vega replied for the most part the County does a fair job, however, staff does run across issues, such as; running reports as the County is unable to expedite certain reports when needed or send reports via e-mail; additionally, District staff does not have permission to run certain reports themselves in the County system.

Director Watkins inquired if ADP will be responsible for W-2s and direct deposit. Finance Director Vega replied yes. Currently, the County runs W-2s through ADP, which is the service staff is proposing to use. Based on the proposal, ADP would be responsible for tax submittals, direct deposit, etc., and they take full liability.

Director Watkins inquired if the County can transfer straight to a LAIF account. Finance Director Vega replied yes, there is that ability.

Director Watkins advised that the Resolution needs to directly spell out what the District's plans are for moving funds and what exactly will be moved to be as transparent as possible. Director Sanguinetti concurred.

Director Sanguinetti advised that staff would need to request reports from the County prior to moving funds to have a written number of how much money will be transferred to insure that all money transferred from the County to another entity remains at the same amount.

Director Sanguinetti inquired if it would be more advantageous to switch over to ADP at the beginning of next year to ensure there are no issues with W-2s. Finance Director Vega replied the agreement can be signed now and can take effect January 1, 2021.

Director Sanguinetti suggested bringing this Resolution back to the Board for further consideration after it has been edited to specifically outline what steps will be taken regarding money transfer.

Director Watkins suggested staff research further into the payment processing systems through Bank of the West as they are the cheapest bank for this process. Director Sanguinetti agreed, adding a small percentage surcharge could make a big difference on customers with larger accounts.

Director Watkins inquired on petty cash and other checking accounts. Finance Director Vega reported the District has an emergency account through Financial Center Credit Union. Director Watkins inquired if these funds will be transferred over to F&M Bank too. Finance Director Vega replied that was not part of the analysis presented.

President Panizza inquired if staff can bring this item back for the Board's consideration at the September 29th Regular Board Meeting. Manager Moody replied staff will work on this item to try and have it prepared by then.

4. Draft 2020/2021 Fall/Winter Newsletter

Manager Moody provided the Board with a draft of the District's 2020 Fall/Winter Newsletter. Manager Moody reported Director McGurk inquired on a deadline for correcting the sustainability issue. Manager Moody advised he will wordsmith that section, along with a few grammatical errors prior to sending to print.

Manager Moody requested the Board submit any suggested edits to staff within the next day so the newsletter can be sent to print.

Director Cortopassi inquired if there are projects in the pipeline and that is why staff is recommending ending the irrigation season by October 4th. Manager Moody replied the permit requires that dams are removed by October 10th for Bellota. And, there are projects that staff needs to get done by the end of the year and that requires the system to be dry first.

5. Stockton East Water District – Establishing Program and Incentives for Encouraging the Use of Surface Water Discussion

Manager Moody reported the District has received its first applicant this year under the new Program that the Board approved at the July 23, 2019 Regular Board Meeting.

Manager Moody reported this Program had been suspended for a few years, until staff was able to re-write the language as appropriate. The major change to the language included that those who participate in this Program will be charged the groundwater rate, up to a maximum of 7-years. Landowners cannot recoup more money than what they expended and they cannot pay the groundwater rate for more than 7-years.

Manager Moody reminded the Board that as was discussed with them and Legal Counsel, the Board is not part of the approval process for Surface Water Incentive Plan applications as these are discretionary actions and could be viewed as preferential. Legal Counsel Zolezzi added it would be a conflict of interest. The Board concurred that staff approve applications submitted for the Surface Water Incentive Plan.

Director Cortopassi inquired if this new applicant is a straight conversion from groundwater to surface water. Manager Moody replied yes.

Manager Moody reported that with this particular applicant, the District will own the weir and the Landowner will own the diversion. The District will place the weir in the spot that will benefit more water users than just this one particular applicant. This item was for information only.

E. COMMITTEE REPORTS

1. Eastern San Joaquin Groundwater Authority Steering Committee Meeting, 09/09/20

Director Watkins and Manager Moody attended the September 9, 2020 Eastern San Joaquin Groundwater Authority Steering Committee Meeting. Director Watkins reported approved at this meeting were both the previous meeting minutes and a resolution authorizing the Secretary of the GWA to approve expenditures within the approved budget. Director Watkins reported there was discussion on the DWR grant proposal package for Proposition 68 for disadvantaged communities. There was discussion on the memo released by the County on September 11th regarding GSAs working through pitfalls and coming up with grant proposals for the 2021 deadline. Director Watkins reported there was discussion on groundwater management and safe drinking water in San Joaquin Valley. Manager Moody added the discussion focused on the different entities that are dealing with issues and the determination that GSAs should stay out of the conversation. Director Watkins reported that all GSAs are up to date with payments. The next meeting is scheduled for October 14, 2020.

2. San Joaquin County & Delta Water Quality Coalition Meeting, 09/14/20

Director Atkins attended the virtual September 14, 2020 San Joaquin County & Delta Water Quality Coalition Meeting. Director Atkins reported the financial report was mailed after the meeting as there was an initial misprint on the Grower Self-Certification section. There was discussion on the Nitrate Report that was due in April and there are ~120 people on the outstanding list. Director Atkins reported there was discussion on pyrethroid hits at multiple locations. Union Island was 44 times over the threshold. There was discussion on algae toxicity that has been detected. Director Atkins reported the membership portal has been upgraded and there is a section where members can view where exceedance levels have been detected. Director Atkins inquired at the meeting if this information would be available to the public. He was advised that it is only available for those who have a portal. The Coalition is brainstorming ideas on how to host the grower outreach meetings in the future. Director McGaughey inquired if there was discussion under CV Salts. Director Atkins replied there was not much discussion at this meeting.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 09/14/20

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 145,399 AF in storage at New Hogan Reservoir. Current releases are set at 153 cfs. There is 1,546,525 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 203 cfs and release to all water users are set at 1,402 cfs. There

are 5 irrigator(s) on New Hogan, 3 irrigator(s) on New Melones and 2 Out-of-District irrigator(s). The water treatment plant is currently processing 32 mgd. The City of Stockton is currently processing 18 mgd.

2. Information Items:

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

Director McGurk inquired on F2a-1 and if the Water Management Plan requirements will take precedence over SGMA law. Manager Moody replied no, the actual law will take precedence over any plan submitted to the government.

3. Report on General Manager Activities

a. Water Infrastructure for the Nation (WIIN) Act Call, 09/09/20

Manager Moody and Finance Director Vega attended the September 9, 2020 Water Infrastructure for the Nation (WIIN) Act Call. Manager Moody reported discussion focused on how the District would pay their costs. Manager Moody advised the USBR that the Board plans to pay both M&I and Ag charges upfront. The USBR will be sending final contract documents for signature. Once they are signed, the USBR will sign the documents and send the District fully executed copies. There was discussion about the RRA process. Manager Moody reported Reid Roberts, CSJWCD was on the call as well. He was unsure of how CSJWCD would pay their portion for their contract conversion.

b. Stockton East Water District Activities Update

Manager Moody reported the Habitat Conservation Plan (HCP) is now finalized and was on the federal register as of Monday, September 14th. The press release is also on the ACWA website. Manager Moody commended Legal Counsel for their long-term efforts in working to complete this Plan. President Panizza added this is good news to see how far this Plan has come as it has been ongoing for many years.

G. DIRECTOR REPORTS (None)

H. COMMUNICATIONS

1. Stockton East Water District – Whittle Ranch Crossings of Hoods Creek Project Letter, 09/09/20

Manager Moody provided the Board with correspondence regarding the Whittle Ranch Crossings of Hoods Creek Project that was sent on September 9, 2020. Director Watkins inquired how much the box culverts went up in price and if it was part of a bid. Manager Moody advised the price increased because the design changed.

I. AGENDA PLANNING/UPCOMING EVENTS

1. Cancelled – San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 09/16/20

2. Greater San Joaquin County Regional Water Coordinating Committee Meeting, 3:00 p.m., 09/16/20

3. Central Valley Project Water Association – Executive & Financial Affairs Committee, 10:00 a.m., 09/18/20

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 1:33 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:49 p.m., with no reportable action.

K. ADJOURNMENT

President Panizza adjourned the meeting at 1:50 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

