

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 22, 2020 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

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

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

B. CONSENT CALENDAR

Manager Moody requested the Board to make an emergency addition to the agenda (Item D-6) relative to Resolution No. 20-21-08, as it arose subsequent to the posting of the agenda. Manager Moody reported the District previously had another 457 Deferred Compensation Plan, however, there are no active signatories on that account.

A motion was moved and seconded to add an item to the September 22, 2020 Regular Board Meeting Agenda as Agenda Item No. D-6, Resolution No. 20-21-08 – Authorizing the General Manager and Finance Director to Sign for the Stockton East Water District’s Employees’ Deferred Compensation/Retirement Plans (Emergency Item).

Roll Call:

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

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 09/15/20 Regular Meeting

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

Roll Call:

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

2. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the September 22, 2020 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

3. Preliminary Base Monthly Payment – Fiscal Year 2021/2022

a. Public Hearing

President Panizza opened the Public Hearing at 12:37 p.m., to receive comments on the Preliminary Base Monthly Payment (BMP) for Fiscal Year 2021/2022.

Manager Moody provided proof of publication of the public hearing. Manager Moody reported this process is dictated by the Second Amended Contract.

Finance Director Vega reported this is the earliest form of the Water Treatment Plant budget, which is still under development. Assistant Manager Hopkins and Finance Director Vega are working together to continue to shape the budget.

Finance Director Vega reported “Schedule C” is the Rate Equalization section, which shows an increase of ~\$14 to groundwater customers under the M&I section of the District. “Schedule D” is a calculation of the Base Monthly Payment, which shows a decrease of ~\$13,000 per month.

Finance Director Vega reported staff will request to meet with the Urban Contractors in the near future to discuss a more thorough representation of actual BMP figures. Staff will then schedule Committee meetings with the Board to modify the Budget as necessary, prior to bringing back the final figures prior to December 15th.

Seeing no public comment, President Panizza closed the Public Hearing at 12:40 p.m.

b. Resolution No. 20-21-07 – Setting the Preliminary Base Monthly Payment for Period April 1, 2021 to March 31, 2022

A motion was moved and seconded to adopt Resolution No. 20-21-07 – Setting the Preliminary Base Monthly Payment for Fiscal Year 2021/2022, as presented.

Roll Call:

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

4. JWT and Associates, LLP – Certified Public Accountants – Audited Financial Statements Fiscal Year 2019/2020

A motion was moved and seconded to accept the Draft Audited Financial Statements for Fiscal Year 2019/2020, as presented.

Roll Call:

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

Nayes: None
Abstain: None
Absent: McGaughey

5. United States Department of the Interior – Fiscal Year 2019 Central Valley Project Contractor Annual Accounting Analysis for Irrigation and Municipal and Industrial Water
Manager Moody provided the Board with information on the Central Valley Project (CVP) Contractor Annual Accounting Analysis for Irrigation and Municipal and Industrial (M&I) Water. Finance Director Vega reported the USBR performs this yearly accounting analysis.

Finance Director Vega reported part one of the analysis includes accounting of what is charged versus actual spending costs. This year the USBR exceeded their M&I budget allocated to the District by ~\$35,000.

Finance Director Vega reported part two of the analysis includes what was paid for water versus what was charged. The District carries a balance each year as it is required by the contract to pay monies in advance, and because of this credit balance, the District will not have to pay any more towards the outstanding ~\$35,000. This item was for information only.

6. Resolution No. 20-21-08 – Authorizing the General Manager and Finance Director to Sign for the Stockton East Water District’s Employees’ Deferred Compensation/Retirement Plans (Emergency Item)

Director Cortopassi inquired if the District has a say in how funds are invested in 457 Deferred Compensation Plans (457 Plans). Manager Moody replied no, the District is just the administrator of the plan, but has no authority over individual investments of employees.

Manager Moody reported the 457 Plans require an administrative signatory to sign-off on any change regarding withdrawals and change of funds.

Finance Director Vega reported the retiree is attempting to setup a recurring withdrawal from their balance with their 457 Plan provider. Upon making contact with American Century Investments, Finance Director Vega determined that the signatories on the account are previous employees and little information was provided as Finance Director Vega did not have clearance to the account.

American Century Investments advised Finance Director Vega that the signatories on the account needed to be updated to receive future information. Manager Moody added that the proposed Resolution appoints himself and Finance Director Vega as signatories on the account.

A motion was moved and seconded to approve Resolution No. 20-21-08 – Authorizing the General Manager and Finance Director to Sign for the Stockton East Water District’s Employees’ Deferred Compensation/Retirement Plans, as presented.

Roll Call:

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

Manager Moody inquired with President Panizza if he was comfortable with having Vice President Watkins sign the Resolution in President Panizza's physical absence from the meeting as this is a time-sensitive matter. President Panizza agreed to have Vice President Watkins sign the Resolution.

E. COMMITTEE REPORTS (None)

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 09/21/20

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 143,427 AF in storage at New Hogan Reservoir. Current releases are set at 141 cfs. There is 1,533,117 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 204 cfs and release to all water users are set at 1,064 cfs. There are 5 irrigator(s) on New Hogan, 2 irrigator(s) on New Melones and 0 Out-of-District irrigator(s). The water treatment plant is currently processing 33 mgd. The City of Stockton is currently processing 23 mgd.

2. Information Items:

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

3. Report on General Manager Activities

a. Greater San Joaquin County Regional Water Coordinating Committee Meeting, 09/16/20

Manager Moody reported on the September 16, 2020 Greater San Joaquin County Regional Water Coordinating Committee Meeting. Manager Moody reported there was discussion moving forward with updating the Integrated Regional Water Management Plan (IRWMP). The IRWMPs typically score well based on Disadvantaged Communities (DACs) being tied into projects that are being proposed. The Committee has hired a Disadvantaged Community Outreach Consultant to find organization heads and get them involved with the Committee. Director McGurk inquired if DACs must help fund projects to some extent. Manager Moody replied that generally DACs do not help with funding, but participate in other ways like being part of committees and helping to make decisions, usually this is done through in-kind work. Director Atkins inquired if there are different sized DACs. Manager Moody replied yes and they are clustered throughout the City. A DAC is determined based on median household income in a given area. The next meeting is scheduled for October 21, 2020.

b. Disinfection Alternatives Study Meeting, 09/17/20

Manager Moody, Assistant Manager Hopkins and Staff attended the September 17, 2020 Disinfection Alternatives Study Meeting. Manager Moody reported this was the kick-off meeting with Carollo Engineers. There was a lot of good discussion that took place during this meeting. Manager Moody reported that this study is not the District committing itself to a project, but will help staff understand the direction the District could go.

c. Central Valley Project Water Association – Executive & Financial Affairs Committee, 09/18/20

Finance Director Vega attended the September 18, 2020 teleconference Central Valley Project Water Association – Executive & Financial Affairs Committee. Finance Director

Vega reported Larry Bowman, President of the CVP Water Users Association will be retiring. Mr. Bowman has a lot of knowledge and has been helpful in guiding the discussions during these meetings. Finance Director Vega reported there was discussion on the San Luis Joint Reallocation Project between DWR and USBR. Discussion focused on how costs would be allocated between the federal and state sides. The USBR has put all financial statements online through 2015. If any additional statements are required they must be requested via email. Finance Director Vega reported there was discussion on further research to implement repayment for extraordinary O&M, such as, large-scale, expensive repairs. A 7-year historical average will be used to determine upcoming year's CVP water rates. The USBR is working on Trinity PUD schedules, which are included as part of rates for New Melones water. Typically, rates are provided without explanation, however, the Committee has required backup be provided with the rates. Finance Director Vega reported the USBR committed to listing all funding sources for programs for the CVPIA. There was discussion on aging infrastructure and aging components and what will be required for funds to replace components. Director McGurk inquired why Trinity PUD is included as part of New Melones. Finance Director Vega replied Trinity PUD is part of the CVP Project and when contractors signed initial contracts, they committed to pay a portion of those funds. It is ~\$0.36 charger per acre foot. The next meeting is scheduled for October 16, 2020.

- d. Association of California Water Agencies – SB 200 Cost Methodology Discussion, 09/21/20
Manager Moody attended the September 21, 2020 Association of California Water Agencies – SB 200 Cost Methodology Discussion. Manager Moody reported he volunteered to sit on this Committee. There were ~5-6 people participating on the call. This Committee will review questions that ACWA is posing to the State Water Resources Control Board. The purpose of this is to develop criteria to determine who will qualify for the Clean Water Act. Manager Moody reported there was discussion on replacing wells that were constructed prior to 1980. Manager Moody explained to the group that replacing wells would be a regional issue because some areas have less declination of groundwater which does not deteriorate wells as quickly. Manager Moody reported there was discussion on applying processes statewide and how this will not work as each region has its own challenges. There was discussion on creating criteria for agencies to qualify for grant funding under the Clean Water Act.
- e. Stockton East Water District Activities Update
Manager Moody reported on a few bills he was asked to track during a previous Board Meeting. AB 3030, which entailed both water and land being conserved in the state by 2030. This bill failed to advance out of committee. Manager Moody provided an update on AB 6, which was being opposed by most. Through this bill, Attorney General Becerra is attempting to drastically increase his authority to bring civil action with California Department of Fish & Wildlife and investigation of police shootings. This bill failed without a hearing. Manager Moody provided an update on AB 1569 regarding electrical corporations and the half cent fee per kilowatt per hour that is paid for wildfires. This bill failed. Manager Moody reported the only bill that passed was the EPA bill that sets criteria for workplaces regarding COVID-19.

G. DIRECTOR REPORTS (None)

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS (None)

J. REPORT OF THE COUNSEL

1. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

2. Closed Session – Personnel
Government Code 54957

President Panizza adjourned the meeting to closed session at 1:16 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:22 p.m., with no reportable action.

K. ADJOURNMENT

President Panizza adjourned the meeting at 1:23 p.m.

Respectfully submitted,



Scot A. Moody
Secretary of the Board

tbc

