

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, NOVEMBER 14, 2023 AT 12:30 P.M.

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Atkins called the regular meeting to order at 12:30 p.m., and President Atkins led the Pledge of Allegiance.

Present at roll call at the District were Directors Atkins, Cortopassi, McGurk, Panizza, Sanguinetti and Watkins. Also present were Manager Hopkins, Assistant Manager Vega, Finance Director Ram, District Engineer Evensen, Administrative Assistant Wood and Legal Counsel Zolezzi. Director McGaughey and Consultant Barkett were absent.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Audited Financial Statements Presentation Fiscal Year 22-23

Jeremy Ware with JWT and Associates, LLP gave a presentation on the District's draft Fiscal Year 2022/2023 Audited Financial Statements.

Mr. Ware provided a summary to the Board of the four (4) required communications (Audit Results) which included an unqualified audit opinion on financial audit; no audit adjustments; no disputes or disagreements with District Finance staff during the audit. The total assets for the District are \$146,182,551 and the net position for 2022-2023 is \$94,403,417

Mr. Ware provided a summary of the Independent Auditors' Report and explanation of the basis for qualified and unqualified Opinions; Management's Discussion and Analysis; and the Statement of Net Position as of March 31, 2023. Mr. Ware also provided a review of the District's Statement of Revenues, Expenses and Changes in Net Position as of March 31, 2023.

Mr. Ware stated he has reviewed the District's draft Reserve Policy and suggested the Board review and/or modify it as necessary on an annual basis.

President Atkins thanked Mr. Ware for his presentation to the Board.

2. Minutes 10/31/23 – Regular Meeting

A motion was moved and seconded to approve the October 31, 2023 Regular Meeting Minutes, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: McGaughey

3. Warrants

a. Fund 70 – Administration Fund

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Draft Approved

- 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 55, line item 42 for Telcion Communications Group for supply & install server cabinet for Extraction Well 1-SCADA in the amount of \$19,458.37. Manager Hopkins replied that the server cabinet includes all the equipment necessary to integrate the extraction well into the existing fiber network which is connected to the SCADA system.

Roll Call: A motion was moved and seconded to approve the November 14, 2023 Warrants, as presented.

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

Nayes: None

Abstain: None

Absent: McGaughey

4. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the November 14, 2023 California Public Employees’ Retirement System, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: McGaughey

5. Stockton East Water District Policy Manual – Final Draft Reserve Policy No. 6040

Manager Hopkins provided the Board with Policy No. 6040 Reserve Policy. Manager Hopkins reported the Reserve Policy has been reviewed by Legal Counsel and by the Auditor, Jeremy Ware with JWT and Associates, LLP.

A motion was moved and seconded to approve the Stockton East Water District Policy Manual – Final Draft Reserve Policy No. 6040, as presented.

Roll Call:

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

Nayes: None

Abstain: None

Absent: McGaughey

6. Stockton East Water District – Approval of Professional Services Agreement with GEI Consultants for Water Supply Master Plan Memo

Manager Hopkins provided the Board with a memo requesting approval of a Professional Services Agreement with GEI Consultants for the Water Supply Master Plan. Assistant Manager Vega reported the District continuously aims to improve and upgrade its facilities while replacing old infrastructure as it ages or becomes obsolete. Plans for modernizing and expanding the District’s

systems and facilities must be developed to conjunctively use surface water and achieve groundwater sustainability. Water supplies are especially vital as they may be impacted by current and future regulation by State and Federal agencies.

On July 20, 2023, the District released a Request for Qualifications from five engineering firms for the Water Supply Master Plan. Proposals were received on August 2, 2023, from three consultants. District Staff reviewed the proposals and the selection committee recommendation was to contract with GEI. GEI's proposal was presented at \$529,956.

The Water Supply Master Plan is included in the FY 23-24 budget at \$250,000 via a Board-approved budget amendment. The remaining funding is proposed in the FY 24-25 budget for \$350,000.

The Board queried District Staff for clarification on the purpose of the Water Supply Master Plan. Manager Hopkins replied the purpose of this plan is to inventory and evaluate infrastructure, develop a replacement schedule and cost estimates, and provide recommendations for funding the projects. Discussion followed.

A motion was moved and seconded to approve the Professional Services Agreement with GEI Consultants for Water Supply Master Plan in the amount of \$529,956, plus a 10% contingency of \$52,996, for a total amount of \$582,952, and make all other necessary approvals, as presented

Roll Call:

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

Nays: None

Abstain: None

Absent: McGaughey

7. Stockton East Water District – Approval of Professional Services Agreement with Stantec for Water Treatment Plant Master Plan Memo

Manager Hopkins provided the Board with a memo requesting approval of a Professional Services Agreement with Stantec for the Water Treatment Plant Master Plan. Assistant Manager Vega reported the Water Treatment Plant Master Plan has a similar objective as the Water Supply Master Plan to improve and upgrade its facilities to meet the current and future needs of customers. This includes the replacement of existing infrastructure as it ages or becomes obsolete, as well as planning for expansion of the District's treatment processes and facilities.

To address these issues, the District has identified, as a strategic priority, the need to develop a comprehensive, integrated 50-year Master Plan including a 20-year Capital Improvement Plan (CIP). In July 2023, the District released a Request for Qualifications to eight consulting engineering firms for the Water Treatment Plant Master Plan. One proposal was received on August 31, 2023. District Staff reviewed the proposal from Stantec and, after negotiating Scope of Work and Budget, recommend Stantec to complete the Water Treatment Plant Master Plan. The proposal was presented at \$684,014.

The Water Treatment Plant Master Plan is partially funded in the FY 23-24 budget at \$350,000 and the Pipeline assessments for Peters and Bellota Pipeline are included at \$160,000. The remaining amount is proposed in the FY 24-25 budget for \$350,000. Staff recommends the Board approve a budget transfer of \$80,000 from the Bellota Pipeline for an ending balance of \$160,000.

Director Cortopassi inquired if the pipeline assessment will evaluate the entire pipeline, and if not, why not. Manager Hopkins advised only 1.4 miles of the Peters Pipeline will be assessed due to

insufficient funding to conduct a full assessment. Director Watkins recommended staff consider spreading the 1.4 miles of pipeline assessment over various sections of the pipelines. Discussion followed.

A motion was moved and seconded to approve a budget transfer from fund 71, account 10-5206-Bellota Pipeline Assessment to fund 71, account 10-5225-0 Peters Pipeline Assessment in the amount of \$80,000 and approve a Professional Services Agreement with Stantec for Water Treatment Plant Master Plan in the amount of \$684,014 plus a 10% contingency of \$68,401, for a total of \$752,415, and make all other necessary approvals, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: McGaughey

8. Stockton East Water District – Approval of Contract with Comfort Air for High Service Pump Station HVAC Ducting Retrofit and Proposed Budget Amendment Memo

Manager Hopkins provided the Board with a memo to approve a contract with Comfort Air for High Service Pump Station HVAC Ducting Retrofit and Proposed Budget Amendment. Manager Hopkins reported the Board approved the purchase of three new 20-ton Air Conditioning (AC) units at the January 03, 2023, meeting for a not to exceed amount of \$132,000 and new ducting must be installed. Assistant Manager Vega reported the Board approved a \$150,000 budget to rework the High Service Pump Station HVAC system. VFD failures occurred due to numerous factors including inoperable fans, insufficient ducting for air conditioning and additional heat output from newer VFDs. The addition of new ducting and vents for the three new units are specifically sized to effectively cool down the building and recirculate warmer air generated inside the building back to the AC units. In doing so, the AC system will protect the VFDs from experiencing abnormal rises in temperature which would cause equipment failure, unexpected shutdowns, and reduced overall longevity.

Assistant Manager Vega reported staff consulted with three HVAC contractors for quotes for the installation of the ducting and vents for the new AC units. The lowest quote was for Comfort Air Inc., at \$140,155. This project is budgeted in FY 23-24 for \$150,000. Purchase of the AC units and other materials to install the system has resulted in expenditures of \$133,810, leaving \$16,190 in the project budget which is insufficient to complete the proposed ducting and venting. As such, staff proposes a budget amendment in the amount of \$170,000 to allow completion of the project this fiscal year. Discussion followed.

A motion was moved and seconded to approve a budget transfer from Fund 94, account 10-5323-0 WTP Maintenance – Filter Basin Paint Rehabilitation to Fund 94, account 10-5326-0 WTP Maintenance – Rework Structural and HVAC HSPS in the amount of \$170,000 and approve the contract with Comfort Air for High Service Pump Station HVAC Ducting Retrofit in the amount of \$140,155 plus a 20% contingency of \$28,031, for a total of \$168,186, and make all other necessary approvals, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: McGaughey

9. Statement of Consistency Pursuant to Execute Order N-7-22 and Findings of Fact Stockton East Water District Groundwater Sustainability Agency Statement of Consistency Pursuant to Executive Order N-7-22 – Well Permit Application for 10816 E. Fairchild Rd
Manager Hopkins provided the Board with a Statement of Consistency and Well Permit Application. Manager Hopkins reported the District received the well permit application from the San Joaquin County Environmental Health Department. The District is required to submit a statement of consistency to San Joaquin County stating the replacement well would be consistent with the District’s Groundwater Sustainability Plan.

A motion was moved and seconded to approve Statement of Consistency Pursuant to Execute Order N-7-22 and Findings of Fact Stockton East Water District Groundwater Sustainability Agency Statement of Consistency Pursuant to Executive Order N-7-22 – Well Permit Application for 10816 E. Fairchild Rd, as presented.

Roll Call:

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

10. Resolution No. 23-24-12 – Authorization to File a Grant Application with the United States Bureau of Reclamation for the WaterSMART Drought Response Program: Drought Resiliency Projects (Funding No. R24AS00007) for Fiscal Year 2024, Execute any Required Documents and Provide Delegation of Authority.

Manager Hopkins provided the Board with Resolution No. 23-24-12. Manager Hopkins reported the resolution would allow the District to file a grant application with the United States Bureau of Reclamation for the WaterSMART Drought Response Program: Drought Resiliency Projects (Funding No. R24AS00007) the FY 24-25 to construct the Clements In-Lieu Recharge Pipeline (Project). The Clements In-Lieu Recharge Pipeline Project was identified by the District’s Recharge Ad-Hoc Committee to improve water management and groundwater recharge efforts. The project budget is estimated at \$1,381,535.64. Should the Board approve the resolution, the District would submit a grant application for \$690,767.82 and the District would budget \$690,767.82 for FY 25-26 towards matching funds for the Project. Discussion followed.

A motion was moved and seconded to approve Resolution No. 23-24-12 – Authorization to File a Grant Application with the United States Bureau of Reclamation for the WaterSMART Drought Response Program: Drought Resiliency Projects (Funding No. R24AS00007) for Fiscal Year 2024, Execute any Required Documents and Provide Delegation of Authority, as presented.

Roll Call:

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

E. COMMITTEE REPORTS

1. Eastern San Joaquin Groundwater Authority Steering Committee Meeting, 11/08/23
Manager Hopkins attended the Eastern San Joaquin Groundwater Authority Steering Committee Meeting on November 8th. Manager Hopkins reported the committee approved the minutes; reviewed an update on the Eastern San Joaquin Groundwater Authority (ESJ GWA) Financial Report; and discussed the Groundwater Sustainability Plan (GSP) 2025 update – scope of work and

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Draft Approved

Budget negotiations. The committee approved a task order with Woodard & Curran to fund the initial GSP 2025 Update Tasks not to exceed an amount of \$60,000. Manager Hopkins reported the fall data collections for well level and water quality from the monitoring wells have been complete.

2. Stockton East Water District – Municipal Operations Committee Meeting, 11/09/23
President Atkins, Director McGurk, Director Panizza, Manager Hopkins, Assistant Manager Vega and Finance Director Ram attended the Stockton East Water District Municipal Operations (M&I) Committee Meeting on November 9th. The M&I Committee reviewed the draft Budget Fiscal Year 2024/2025; discussed a plan to expand existing ponds; a Water Supply Resiliency Study; and a plan for community engagement. Director McGurk reported the Municipal Operations Committee recommends approval of the draft budget by the full Board.
3. San Joaquin County and Delta Water Quality Coalition Meeting, 11/13/23
President Atkins attended the San Joaquin County and Delta Water Quality Coalition meeting on November 13th. President Atkins reported the minutes and financial reports were approved. During the Membership’s Report, the committee discussed why members were leaving the coalition. During the Program Manager’s Report, the committee discussed toxicity in Bear Creek, North Alpine, Duck Creek, French Camp, Jack Tone Road, Mormon Slough, Union Island, Robert’s Island, Lone Tree and Rindge Tract. The committee also discussed CV Salts.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 10/31/23
Manager Hopkins 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 182,673 AF in storage at New Hogan Reservoir. Current releases are set at 99 cfs. There is 1,905,468 AF in storage at New Melones Reservoir. Current releases are set at 2 cfs. Current release at Goodwin Dam to Stanislaus River are set at 207 cfs and release to all water users are set at 0 cfs. The water treatment plant is currently processing 42 mgd. North Stockton is currently processing 12 mgd. South Stockton is currently processing 6 mgd. Cal Water is currently processing 17 mgd. The City of Stockton is currently processing 0 mgd. The wells are producing 4,996 gpm.

2. Information Items:
Manager Hopkins noted items: F2a-1 and F2a-2
3. Report on General Manager Activities
 - a. Flood-MAR Network Forum Event, 11/07/23 – 11/08/23
District Engineer Evensen attended the Flood-MAR Network Forum Event on November 7th & 8th. District Engineer Evensen reported attendees discussed technical, socioeconomic, regulatory, and policy considerations to advance implementation of projects that use floodwaters for managed aquifer recharge (Flood-MAR). The event was well attended by state officials and irrigation districts. Discussion followed.
 - b. Stockton East Water District Activities Update
Manager Hopkins reported repairs to the Lower Farmington Canal have begun and will continue over the next couple of months.

Manager Hopkins reported now that the agreement for a SWEEP Block Grant has been approved, District Staff is working on completing some of the required forms. Once approval is received from California Department of Food and Agriculture (CDFA), the District will be

sending out postcards to all North San Joaquin Water Conservation District (NSJWCD), South San Joaquin Irrigation District (SSJID) and Stockton East Water District (SEWD) customers for notification of available funding.

Manager Hopkins reported the San Joaquin County (SJC) is wrapping up their creek cleaning efforts for this year and may continue the creek cleaning into next year. After discussion with California Department of Fish and Wildlife (CDFW) customers should be able to clean the creeks under the District's Routine Maintenance Agreement. Once official notice has been received from CDFW, the District will extend that offer to customers.

Manager Hopkins reported there is an updated Staff Report for the Bay-Delta Plan. Legal Counsel and FishBio are reviewing the plan. Zanjero is preparing some modeling to show the impacts Phase 2 would have on the Calaveras River system. Comments are due by December 15th.

4. Stockton East Water District Finance Update

Finance Director Ram reported the District has deposited funds into California Class. The current year-to-date yield is 5.5287%. The 2024/2025 Budget was reviewed by the M&I Committee and will be reviewed by the Ag Committee on November 15th. The Budget is scheduled to be adopted by the Board on December 12th. The Budget has been emailed to the Urban Contractor's (UCs).

G. DIRECTOR REPORTS

1. Greater Stockton Chamber of Commerce – Chamber Networking Event, 11/02/23

H. COMMUNICATIONS

1. Greater Stockton Chamber of Commerce – Sponsorship Thank You Letter
Manager Hopkins presented the Board with a thank-you letter for the sponsorship of the Greater Stockton Chamber of Commerce 38th Annual San Joaquin County Agricultural Hall of Fame.

I. AGENDA PLANNING/UPCOMING EVENTS

1. Stockton East Water District – Agricultural Operations Committee Meeting, 12:00 p.m., 11/15/23
2. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 11/15/23
This meeting was cancelled

J. REPORT OF THE COUNSEL

1. CONFERENCE WITH LEGAL COUNSEL - Existing Litigation California Water Service Company, City of Stockton & Stockton East Water District vs. Central San Joaquin Water Conservation District Government Code 54956.9 (a)
2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED - LITIGATION Potential exposure to litigation – Government Code Section 54956.9 – two cases

President Atkins adjourned the meeting to closed session at 2:21 p.m. The regular meeting reconvened at 2:49 p.m., with no reportable action.

K. ADJOURNMENT

President Atkins adjourned the meeting at 2:50 p.m.

Respectfully submitted,



Justin M. Hopkins
Secretary of the Board

hmw

