



REGULAR BOARD MEETING

JANUARY 25, 2022



**STOCKTON
EAST WATER
DISTRICT**

PROVIDING SERVICE SINCE 1948

www.sewd.net

DIRECTORS

Richard Atkins
Vice President
Division 1

Andrew Watkins
President
Division 2

Alvin Cortopassi
Division 3

Melvin Panizza
Division 4

Paul Sanguinetti
Division 5

Loralee McGaughey
Division 6

Thomas McGurk
Division 7

STAFF

Scot A. Moody
General Manager

Justin M. Hopkins
Assistant General Manager

LEGAL COUNSEL

Jeanne M. Zolezzi
General Counsel

Phone 209-948-0333
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6767 East Main Street
Stockton, CA 95215

Post Office Box 5157
Stockton, CA 95205

MEETING NOTICE

THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STOCKTON EAST WATER DISTRICT WILL BE HELD AT 12:30 P.M., TUESDAY, JANUARY 25, 2022 AT THE DISTRICT OFFICE, 6767 EAST MAIN STREET STOCKTON, CALIFORNIA 95215

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please contact Kristin Carido, Administrative Services Manager (209) 948-0333 at least 48-hours in advance for assistance so the necessary arrangements can be made.

DUE TO COVID-19 STOCKTON EAST WATER DISTRICT BOARD MEETINGS WILL BE AVAILABLE BY TELECONFERENCE.

Please call (425) 436-6336/Access Code: 866228# to be connected to the Regular Board Meeting, to begin at 12:30 p.m.

Agendas and minutes are located on our website at www.sewd.net.

AGENDA

Page No

- A. Pledge of Allegiance (Director Sanguinetti) & Roll Call**
- B. Consent Calendar (None)**
- C. Public Comment (Non-Agenda Items)**
- D. Scheduled Presentations and Agenda Items**
 - 1. Minutes 01/18/22 Regular Meeting 01
 - 2. Warrants – California Public Employees’ Retirement System 07
 - 3. Stockton East Water District – Bellota Weir Total Organic Carbon Instrumentation and Communications Memo, 01/18/22 09
 - 4. Stockton East Water District – Ditch Bank Mower Memo, 01/18/22 11
 - 5. Resolution No. 21-22-13 – Re-Authorizing Yearly Investment Policy – Investment Policy No. 6020 13
 - 6. Dr. Joe Waidhofer Drinking Water Treatment Plant – Rebuild of P-27 Update Memo, 01/25/22 23

- E. Committee Reports**
 - 1. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 01/19/22 25
 - 2. CVP Water Association – Executive and Financial Affairs Committees Meeting, 01/18/22

- F. Report of the General Manager**
 - 1. Water Supply Report as of 01/17/22 27
 - 2. Information Items
 - a. Material Included, but Bound Separately from Agenda Packet:
 - 1. Proposed Ballot Measure Would Create Water Infrastructure, calmmatters.org, 01/18/22
 - 2. San Joaquin County Has New Voting Districts For State And Congressional Offices, The Stockton Record, 01/12/22
 - 3. New San Joaquin County Board Of Supervisor District Boundaries To Shape Elections For Next Decade, The Stockton Record, 12/10/21
 - 3. Report on General Manager Activities
 - a. Stockton Area Water Suppliers (SAWS) Meeting, 01/21/22
 - b. Stockton East Water District Activities Update

- G. Director Reports**
 - 1. Ag Venture Days (Stockton, CA), 01/19/22

- H. Communications**

- I. Agenda Planning/Upcoming Events**
 - 1. San Joaquin Farm Bureau Federation Meeting, 5:30 p.m., 01/25/22
 - 2. ACWA State Legislative Committee Meeting, 10:00 a.m., 01/28/22

- J. Report of the Counsel**
 - 1. Closed Session - Potential Litigation
Government Code 54956.9 (c) - one case

K. Adjournment

Certification of Posting

I hereby certify that on January 20, 2022 I posted a copy of the foregoing agenda in the outside display case at the District Office, 6767 East Main Street, Stockton, California, said time being at least 72 hours in advance of the meeting of the Board of Directors of the Stockton East Water District (Government Code Section 54954.2).

Executed at Stockton, California on January 20, 2022.



Kristin Carido, Administrative Services Manager
Stockton East Water District

Any materials related to items on this agenda distributed to the Board of Directors of Stockton East Water District less than 72 hours before the public meeting are available for public inspection at the District's office located at the following address: 6767 East Main Street, Stockton, CA 95215. Upon request, these materials may be available in an alternative format to persons with disabilities.

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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, JANUARY 18, 2022 AT 12:30 P.M.

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

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

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

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 01/11/22 Regular Meeting

A motion was moved and seconded to approve the January 11, 2022 Regular Board 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 68 – Municipal & Industrial Groundwater Fund
- c. Fund 70 – Administration Fund
- d. Fund 71 – Water Supply Fund
- e. Fund 91 – Vehicle
- f. Fund 94 – Municipal & Industrial Fund
- g. Summary
- h. Payroll
- i. Short Names/Acronym List
- j. SEWD Vehicles & Equipment

Director Cortopassi inquired on the expense on page 12, line item 48 for Holt of CA for rental of forklift/96” forks for Cooks low water crossing in the amount of \$5,477.15. Manager Moody replied the expense was for rentals that were required due to the weight of the culverts. Director Cortopassi suggested using a crane for this type of work. Assistant Manager Hopkins commented the expense was for multiple trucks over multiple days.

Director Atkins inquired on the expense on page 10, line item 27 for Telcion Communications Group for replacement/termination of failed fiber for TP SCADA in the amount of \$14,428.28. Manager Moody replied the fiber was failing and needed to be replaced for the SCADA Project.

Director Atkins inquired on the expense on page 11, line item 39 for Autozone Stores Inc., for a 2 amp battery charger for Shelton Rd Bridge Meter in the amount of \$41.37. Assistant Manager Hopkins replied staff purchased a few battery packs for replacement at the bridge. Assistant Manager Hopkins added due to overcast days, the solar battery was not fully charging.

Director Atkins inquired on the expense on page 16, line item 100 for Nutrien Ag Solutions Inc., for herbicide for treatment plant grounds maintenance in the amount of \$3,487.76; inquiring if the District works with someone to advise what type of herbicide to apply. Manager Moody replied yes, the District utilizes an individual at the AG Center for this.

A motion was moved and seconded to approve the January 18, 2022 Warrants, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

3. Stockton East Water District – Satellite ET Project – DCSE Professional Services Agreement Memo, 01/18/22

Manager Moody provided information to the Board on the Satellite ET Project – DCSE Professional Services Agreement. Manager Moody reported the EvapoTranspiration (ET) Study was a budgeted expense in the current Fiscal Year and noted the WaterSMART Applied Science grant the District was awarded from the U.S. Bureau of Reclamation will not be funded until next Fiscal Year 2022-2023. Manager Moody recommended moving forward with the ET Study for the District now; and, next year conduct the study for the Eastside Agencies (North San Joaquin Water Conservation District, Central San Joaquin Water Conservation District and SEWD) with funding from the grant. Director McGurk inquired on ET Study evaluation year being 2021. Assistant Manager Hopkins replied the ET Study will be evaluating data for 2021 as that is what the District's billing and Groundwater Sustainability Plan (GSP) are based on. Assistant Manager Hopkins added the District is paying to compile all the satellite images from 2021 and the expense will be paid in the current Fiscal Year 2021-2022. President Watkins inquired if the ET Study will be conducted for the entire District. Manager Moody replied yes.

A motion was moved and seconded to approve the recommendation from staff; and authorize the General Manager to approve a Professional Services Agreement with DSCE to perform the Satellite EvapoTranspiration (ET) Study in the amount of \$49,360, plus a 5% contingency for a total not to exceed \$51,828, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

4. Stockton East Water District – Agreement Amendment for Bellota Project Cultural Resources Study Memo, 01/18/22

Manager Moody provided the Board with information on the Agreement Amendment for Bellota Project Cultural Resources Study Memo. Manager Moody reported the District is required to conduct cultural resources outreach as required by CEQA for the Bellota Project. Manager Moody reported ECORP Consulting Inc., (ECORP) advised the District that a pre-historic archaeological site was identified through the cultural resources records search and the site may encroach into the Bellota Project area. Manager Moody added the additional work must be conducted before the Project team can determine if the site is outside of the Project area. Manager Moody reported ECORP Consulting Inc., submitted a cost proposal for the additional CEQA work in the amount of \$11,400 and the increase to the original agreement and noted funding for the additional cost is available within the overall Project design budget of \$3.3 million grant the District received from California Fish & Wildlife. Manager Moody is proposing the Board approve an amendment to the agreement with ECORP for the additional CEQA work increasing the total agreement amount to \$102,590, plus a 10% contingency for any unforeseen work for an amended agreement total amount of \$112,849. Director Panizza inquired on the cultural resource records and if they are available to the public; and, expressed further inquiry on the existing documents indicating something is there. President Watkins inquired on the initial agreement amount with ECORP. Manager Moody replied the original agreement amount was \$91,190 plus the additional CEQA work proposed in the amount of \$11,400 amends the agreement to ~\$102,590, plus a 10% contingency for a total amended agreement amount of \$112,849. Manager Moody commented clarifying future memos that are presented to the Board to indicate when original contract amounts are amended.

A motion was moved and seconded to authorize the General Manager to approve an amendment to the Professional Services Agreement with ECORP Consulting, Inc., for a revised not to exceed cost of \$102,590 (for an increase for Task 3B: Cultural Resources Inventory and Exploratory in the amount of \$11,400), plus a 10% contingency for an unforeseen work, for a total of \$112,849.00, as presented

Roll Call:

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

Nays: None

Abstain: None

Absent: None

5. Dr. Joe Waidhofer Drinking Water Treatment Plant – Proposal for the Rebuild of P-27 Memo, 01/18/22

Manager Moody provided the Board with information on the Proposal for the Rebuild of P-27. Manager Moody reported P-27 was budgeted for rebuild this year, noting P-28 has the same amount of hours and was recently rebuilt. Manager Moody reported the District has budgeted to get P-27 rebuilt this year and staff is making efforts to complete this work before the end of the Fiscal Year 2021-2022. Manager Moody reported impellers have been purchased already and if they are not used they can be kept on hand for future use on other pumps. President Watkins inquired on the repairing of this pump and asked if this is a 600 horse-power pump. Assistant Manager Hopkins replied yes. Director Atkins inquired if the pumps have VFDs. Assistant Manager Hopkins replied yes, and a new VFD for P-29 has been purchased but not yet installed. Director Cortopassi inquired on the proposal from Mar-Tech in the amount of \$50,789.00 includes everything including the motor. Manager Moody replied yes.

A motion was moved and seconded to authorize the General Manager execute a contract with Mar-Tech for \$50,789.00 plus a 10% contingency, for a total cost of \$55,867.90 for repair and rebuild of P-27, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

6. Funck Road Project Update

Manager Moody provided the Board with a slideshow of the Funck Road Project. This item was for information only.

E. COMMITTEE REPORTS

1. Eastern San Joaquin Groundwater Authority Steering Committee Meeting, 01/12/22

Director Watkins and Manager Moody attended the January 12, 2022 Eastern San Joaquin Groundwater Authority Steering Committee Meeting. Manager Moody reported the Committee took action approving AB 361 for teleconferencing purposes. Manager Moody reported discussions focused on GSP comments noting input from the GSAs need to be provided by the 28th of this month and the attorneys from the GSAs will be scheduling a meeting soon. Manager Moody reported grant opportunities & submissions and water accounting framework was also discussed. President Watkins reported the City of Stockton is moving forward on their recharge project which is located by their water treatment plant. The next meeting is scheduled for February 9, 2022.

2. Association of California Water Agencies – Region 4 Board Orientation Meeting, 01/12/22

Director McGurk attended the January 12, 2022 Association of California Water Agencies Region 4 Board Orientation Meeting. Director McGurk reported it was a 2-hour orientation meeting. Discussions focused on Region 4 Rules & Regulations; Appointments for ACWA Committees. Director McGurk reported the Board had to reconcile Committee appointments that were presented in the agenda packet because the appointment list was from the previous Committee year; and, noted that Legal Counsel Zolezzi was added onto the Legal Affairs Committee. Staff was directed to provide Director McGurk with the District's submission for ACWA Committees for 2022-2023. Director McGurk reported the Committee worked on the 2-year work plan to include tours and events and noted ACWA President Pam Tobin advised the Region to plan an event in Region 4 and the Directors were instructed to survey their areas to see what event(s) to plan. Director McGurk commented the Region is required to have 4 meetings per year, with 2 of these being held at ACWA conference. Region 4 Chairman, John Mensinger commented the Region 4 meetings held in the morning conflict with breakfast that is provided by the conference and the Chairman Mensinger will work with ACWA staff to resolve this. Additionally, Chairman Mensinger suggested these Region 4 meetings begin with questions from the audience; and, also appointed Region 4 Directors Kristin Sicke, Yolo County Flood Control & Water Conservation District; Vice-Chair Brian Sanders, City of Sacramento and Cary Keaten, Solano Irrigation District be on the meeting panel. Director McGurk also reported Region 4 has ~\$2,200 in the budget to be used for general expenses and regional activities such as the upcoming spring conference meeting. Director McGurk reported suggested meeting topics for future meetings were discussion and review of GSP comments/letters and impact of fires on our watershed. Director McGurk also reported Modesto Irrigation District (MID) received a

\$500,000 grant to work with U.C. Davis on MIDs watershed that was effected by fires recently. The next meeting is scheduled during the ACWA Spring Conference.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 01/10/22

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 132,195 AF in storage at New Hogan Reservoir. Current releases are set at 45 cfs. Current release at Goodwin Dam to Stanislaus River are set at 202 cfs and release to all water users are set at 0 cfs. The water treatment plant is currently processing 20 mgd. The City of Stockton is currently processing 10 mgd.

2. Information Items:

Manager Moody noted item: F2a-1 and F2a-2.

3. Report on General Manager Activities

a. Stockton East Water District Activities Update

G. DIRECTOR REPORTS

H. COMMUNICATIONS

1. California Farm Water Coalition – Written Ballot for the Board of Directors

Manager Moody provided the Board with the California Farm Water Coalition Written Ballot for the Board of Directors. Manager Moody noted need at least 21 votes in order for the vote to be considered. Director McGurk commented if the Coalition themselves have approved the slate of 1 as presented, we should consider voting “yes”.

A motion was moved and seconded to approve casting the ballot for Joe Alamo, Director, Turlock Irrigation District, for the California Farm Water Coalition North Central District Member of the Board as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: None

I. AGENDA PLANNING/UPCOMING EVENTS

1. Ag Venture Days (Stockton, CA), 01/19/22

2. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 01/19/22

3. CVP Water Association – Executive and Financial Affairs Committees Meeting, 10:00 a.m., 01/21/22

4. Stockton Area Water Suppliers (SAWS) Meeting, 1:00 p.m., 01/21/22

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 Watkins adjourned the meeting to closed session at 1:13 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:21 p.m., with no reportable action.

K. ADJOURNMENT

President Watkins adjourned the meeting at 1:22 p.m.

Respectfully submitted,

Scot A. Moody
Secretary of the Board

kmc

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
CALPERS SPECIAL CHECK REQUEST
JANUARY 25, 2022**

Vendor name	District Fund#	Account #	Description	Amount	Invoice No.
1 CA Public Employees Retirement System (CalPERS)	70	10-5049-0	Retirement Contributions for Payroll 01/21/22-Admin	5,662.24	01/21/22 1245106351
			Total Fund 70 Admin	\$ 5,662.24	
1 CA Public Employees Retirement System (CalPERS)	71	10-5049-0	Retirement Contributions for Payroll 01/21/22-WS-NM	3,168.25	01/21/22 1245106351
2 CA Public Employees Retirement System (CalPERS)	71	10-5058-0	Retirement Contributions for Payroll 01/21/22-WS-NH	1,347.44	01/21/22 1245106351
3 CA Public Employees Retirement System (CalPERS)	71	10-5058-0	CalPERS Arrears	26,754.66	100000016658123
4 CA Public Employees Retirement System (CalPERS)	71	10-5049-0	CalPERS Arrears	6,170.16	100000016658125
			Total Fund 71 Water Supply	\$ 37,440.51	
1 CA Public Employees Retirement System (CalPERS)	94	10-5049-0	Retirement Contributions for Payroll 01/21/22-M&I	17,170.36	01/21/22 1245106351
2 CA Public Employees Retirement System (CalPERS)	94	10-5049-0	CalPERS Arrears	1,138.00	100000016658129
3 CA Public Employees Retirement System (CalPERS)	94	10-5049-0	CalPERS Arrears	1,214.55	100000016658127
			Total Fund 94 Municipal & Industrial	\$ 19,522.91	
			Grand Total for Special Check Request on RBM 01/25/22	\$ 62,625.66	

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Memorandum

To: Scot A. Moody, General Manager
From: Justin M. Hopkins, Assistant General Manager
John Vernier, Special Projects Manager
Date: January 18, 2022
Re: Bellota Weir TOC Instrumentation and Communications

BACKGROUND:

In October 2021, the Stockton East Water District (District) experienced trihalomethane (THM) related water quality issues after a high total organic carbon (TOC) storm water runoff event. Subsequent to the event, staff explored multiple options to prevent future incidents, including operational changes, additional instrumentation, and ozonation. Staff has moved forward with operational changes, budgeted for ozonation design, and are exploring the possibility of a TOC monitoring instrument at Bellota.

SUMMARY:

The District previously received some water quality data from the Bellota Intake via a cellular modem, however the modem was removed as a result of multiple hacking events and exorbitant cellular invoices. Staff plans to re-establish communications with the Bellota site via radio, but the Bellota Weir area is at a lower elevation than the surrounding land and surrounded by tree cover, making the installation challenging. The radio communications are included as part of the Bellota Weir Project, however establishment of radio communications now would allow for the installation of a TOC analyzer at the Bellota Intake to provide staff with real-time water quality changes through integration into the District's existing SCADA system. The equipment installed to establish radio communications would be scalable to allow for future integration of the new Bellota Weir facilities.

Installation of a TOC analyzer and integration into the District's SCADA system will provide Water Treatment Operations staff with another tool for preventing treated water quality issues and the ability to make more informed decisions. With advanced notice of TOC levels in the raw water being diverted for treatment, staff are able to determine if the intake should be closed, if flows need to be diverted to recharge, and/or when the intake should be reopened. Archiving TOC levels will also provide staff with needed trending to help predict finished water quality changes as a result of increased TOC levels. Advanced notice of TOC changes and the ability to correlate TOC levels with THM levels will allow District staff to better coordinate with our urban customers.

NEXT STEPS:

The estimated cost to install the TOC instrument, establish communications, and integrate the information into the District's SCADA system is \$60,000. The project is not budgeted, but funding is available within the FY21-22 Bellota Pipeline budget.

Memorandum

To: Scot A. Moody – General Manager
From: Justin Hopkins – Assistant General Manager
Date: January 18, 2022
Re: Ditch Bank Mower

BACKGROUND

On July 13, 2021 the Stockton East Water District (District) staff presented the Board of Directors (Board) with an update about aquatic vegetation issues being experienced by the District and the District's customers. The update described efforts by District staff to address aquatic vegetation issues within the Lower Farmington Canal. Subsequent to the update, the Board authorized the purchase of an Aquatic Vegetation Rake (AVR) on July 20, 2021. After the purchase of the AVR, staff continued to explore additional options to address the aquatic vegetation issues.

SUMMARY

In addition to managing aquatic vegetation within the water, the District must also manage terrestrial vegetation along the fence lines, canal roads, and canal banks. Terrestrial vegetation maintenance occurs multiple times per year, depending on the vegetation growth rate, and must be performed whether the canals are watered or empty.

In 2020 the District was unable to complete all the canal mowing prior to the high fire danger season, prompting one adjacent landowner to mow a portion of the canal themselves. Bound by a commitment to complete all mowing prior to the 2021 high fire danger season, District staff spent several months mowing the canal at the expense of construction projects. Two District staff spent the entire month of December mowing a portion of the Lower Farmington Canal bank, largely due to the cumbersome and slow process of mowing with the District's articulate mower.

Staff have investigated multiple options to improve the mowing process, including contractors, new equipment, and new mowers. The most effective and least expensive option identified by staff is the purchase of a ditch bank mower. The ditch bank mower is compatible with the District's Kubota tractor, is inexpensive, and would double the canal bank mowing rate. The ditch bank mower is also capable of mowing flatland, which would also decrease the time spent mowing the canal roads when used in tandem with the District's flail mower. Figure 1 shows the ditch bank mower in both operating positions.

District staff have solicited three quotes from vendors of the ACMA DB160E Ditch Bank Mower, the model determined by the manufacturer as most appropriate for the District's Kubota tractor. The least expensive quote was from Iowa Farm and Equipment in the amount of \$9,099.00, including shipping. Funding is available within the New Melones General Maintenance budget savings from not purchasing the budgeted disc.



Figure 1. ACMA Ditch Bank Mower

RECOMMENDATION

District staff recommends the Board authorize the purchase of an ACMA DB160E Ditch Bank Mower for \$9,099.00 (including freight), plus a 10% contingency, for a total approved purchase limit of \$10,009. The \$10,009 is available within the New Melones General Maintenance budget of \$203,000.

RESOLUTION NO. 21-22-13

**RESOLUTION OF THE BOARD OF DIRECTORS
OF STOCKTON EAST WATER DISTRICT
RE-AUTHORIZING YEARLY INVESTMENT POLICY**

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code Sections 53600.6 (CGC §53600.6) and 53630.1); and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5921 and 53601 et seq.; and

WHEREAS, the General Manger of the Stockton East Water District or his designee shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; (CGC § 53646(a)); and

WHEREAS, it shall be the policy of the Stockton East Water District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of the Stockton East Water District funds; and

WHEREAS, Stockton East Water District's Investment Policy dictates that said investment policy will be presented annually for renewal to the Board of Directors in accordance with (CGC § 53607)

NOW, THEREFORE, BE IT RESOLVED pursuant to Section 53646 of the California Government Code, the Board of Directors of the Stockton East Water District hereby reauthorizes its formal investment policy, attached hereto and incorporated by reference herein.

PASSED AND ADOPTED this 25th day of January 2022, by the following vote of the Board of Directors:

AYES:
NOES:
ABSENT:
ABSTAIN:

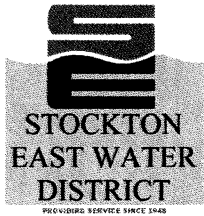
DRAFT

Andrew Watkins, President
Board of Directors
Stockton East Water District

ATTEST:

DRAFT

Scot A. Moody, Secretary
Board of Directors
Stockton East Water District



STOCKTON EAST WATER DISTRICT POLICY MANUAL

No. 6020

Investment Policy

RE-AUTHORIZED:

01/25/2022

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A. Purpose

It is the policy of Stockton East Water District (hereinafter referred to as “District”) that public funds not needed for the immediate necessities of the District should, to the extent reasonably possible, be prudently invested or deposited consistently with applicable law to produce revenue for the District. This Investment Policy is set forth by the District for the following purposes:

1. To give the Board of Directors, management, responsible employees, citizens and third parties a clear understanding of the objectives, policies, and guidelines for the investment of the District’s funds as delineated in the scope section of this policy.
2. To offer guidance to investment staff and any external investment advisers on the investment of District funds; and
3. To establish a basis for evaluating investment results.

The District established investment policies that meet its current investment goals. The District shall review this policy annually and may change its policies as its investment objectives change.

STOCKTON EAST WATER DISTRICT POLICY MANUAL

B. Scope

This investment policy applies to all financial assets and investment activities of the District with the following exceptions:

1. The Deferred Compensation Plan is excluded because it is managed by third-party administrators and is invested in by individual plan participants;
2. Proceeds of debt issuance shall be invested in accordance with the general investment philosophy of the District as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

C. Delegation of Authority

Section 53600 *et seq.* of the California Government Code (CGC) provides legal authorization for the investment or deposit of funds of local agencies. All investments of Stockton East Water District shall conform to the restrictions of those laws. In addition, further requirements shall be established taking into consideration prudent investment standards.

The District may engage the services of an external investment manager to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. Such external manager may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy.

D. Prudent Investor Standard

The District's General Manager or his/her designee manages the District's investment portfolio under the Prudent Investor Standard.

The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the investor shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, the General Manager is authorized to acquire investments as authorized by law.

E. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

F. Objectives

The primary objectives, in order of priority, are as follows:

STOCKTON EAST WATER DISTRICT POLICY MANUAL

1. **Safety** – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which may offer same-day liquidity for short-term funds.
3. **Return on Investment** – The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the District's investment risk constraints, the cash flow characteristics of the portfolio and state law.

G. Benchmarks

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into careful consideration the District's risk tolerance and liquidity requirements.

The Benchmark

The District will strive to maintain a yield within 30 basis points (0.30%) of the 2-year floating average of marketable Treasury-Notes rate as reported monthly by the U.S. Department of the Treasury Bureau of the Fiscal Service through treasurydirect.gov.

H. Prohibited Investment Vehicles and Practices

State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds (other than government money market funds), unregulated and/or unrated investment pools or trusts, and futures and options.

1. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited;
2. Investment in any other security that could result in a zero interest accrual if held to maturity is prohibited;
3. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited;
4. Purchasing or selling securities on margin is prohibited;
5. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited;

STOCKTON EAST WATER DISTRICT POLICY MANUAL

6. The District pursues prudent active management strategies in order to enhance return and reduce risk as market conditions change over time.

I. Authorized Financial Institutions and Dealers

No deposit of public funds shall be made except in a qualified public depository as established by state laws. If an external investment advisor is authorized to conduct investment transactions on the District's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes consistent with the District's policies and existing laws.

For broker/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager and/or his/her designee(s) shall have received from the said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of this Investment Policy.

J. Reporting

1. **Quarterly** – On a quarterly basis, the Finance Director, under the direction of the General Manager, shall report to the Governing Board, in compliance with Government Code Section 53646 the detailed listing of individual securities held in the District's investment portfolio. The report will include the following:
 - a. Listing of individual securities held at the end of the reporting period;
 - b. Cost and market value of all securities, including realized and unrealized market value gains or losses in accordance with GASB requirements;
 - c. Listing of investment by maturity date;
 - d. Statement of compliance with Investment Policy, including an explanation of any compliance exceptions (CGC Section 53646); and
 - e. Certification of sufficient liquidity to meet budgeted expenditures over the ensuing six months (CGC Section 53646).
2. **Annually** – On an annual basis, the Finance Director, under the direction of the General Manager, shall present the Investment Policy, together with any proposed amendments, to the Governing Body for its consideration.

K. Allowable Investment Instruments

Per Government Code and Adopted as District Policy.

STOCKTON EAST WATER DISTRICT POLICY MANUAL

The following list is a selection of investment types which the District may invest in per this policy and state law. Other investment instruments are allowed by state law but are excluded from this list to mitigate risk which may be associated with those instruments.

INVESTMENT TYPE	MAXIMUM MATURITY ^A	MAXIMUM SPECIFIED % OF PORTFOLIO ^B	MINIMUM QUALITY REQUIREMENTS	GOVERNMENT CODE SECTION
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Negotiable Certificates of Deposit	5 years	30% ^C	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	30% ^D	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	30% ^D	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Medium-Term Notes ^N	5 years	30%	"A" rating category or its equivalent or better	5360(j)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{E,F}	53601(l) and 53601.6(b)
Collateralized Bank Deposits	5 years	None	None	53630 et seq. and 63601 (n)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^G	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1

Footnotes to Allowable Investment Instruments Table

- a. Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

STOCKTON EAST WATER DISTRICT POLICY MANUAL

- b. Percentages apply to all portfolio investments regardless of the source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- c. No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- d. No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service (excludes negotiable certificates of deposit authorized under Section 53601(i)).
- e. A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.
- f. A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.
- g. A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).

STOCKTON EAST WATER DISTRICT POLICY MANUAL

L. Appendix A – Glossary

Agencies: Federal agency securities and/or Government-sponsored enterprises.

Book Value: The value at which a security is carried on the financial records of its owner. This value may be the original cost of acquisition of the security or original cost adjusted by amortization of a premium or accretion of a discount. The book value may differ from the security's current market value.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation between the level of risk and the average duration of the portfolio's investments.

Broker: A broker brings buyers and sellers together for a commission.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, and other financial instruments offered by banks currently up to \$250,000 per deposit.

Joint Powers Authority Pool: Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done in those quotes.

Local Agency Bonds: Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state (including the District), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Local Agency Investment Fund (LAIF): A voluntary program created by statute; began in 1977 as an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Mutual Funds: An investment program funded by shareholders that trades in diversified holdings and is professionally managed.

STOCKTON EAST WATER DISTRICT POLICY MANUAL

Placement Service Deposits and Certificates of Deposit: Deposits and Certificates of Deposits made via the use of a Placement Service in accordance with Government Code Section 53601.8.

Repurchase Agreements: An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

Reverse Repurchase Agreement: An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Risk: The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

Securities Lending Agreement: An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third party custodian to hold the securities and collateral. Economically similar to reverse purchase agreements.

State Obligations: Registered treasury notes or bonds of this or any of the other 49 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state or any of the other 49 United States.

U.S. Treasury Obligations: Debt obligations of the U.S. Government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

Yield: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

Memorandum

To: Scot A. Moody- General Manager
From: Justin Hopkins - Assistant General Manager
Date: January 25, 2022
Re: Update – Rebuild of P-27

Background:

At the January 18, 2022, regular Board of Directors (Board) meeting, the Stockton East Water District (District) Board approved a contract with Mar-Tech for a not-to exceed cost of \$55,867.90 to rebuild pump P-27.

Summary:

On January 19, 2022, District staff received notice from Mar-Tech that one of the bid items was underestimated by \$6,300. Staff attempted to resolve the cost discrepancy with Mar-Tech, but ultimately Mar-Tech declined to perform the work. Mar-Tech was the only responsive bidder, with the other two bidders only providing partial bids. The second most responsive bidder is Commercial Pump and Mechanical (CPM) for a cost of \$57,222.78 to remove, re-install, and rebuild the P-27 pump, but not the 600HP electric motor. District staff are currently soliciting bids from additional contractors to rebuild the electric motor. A summary of the bid scopes and costs are outlined in Table 1.

Rank	Bidder	Scope	Cost
1	Mar-Tech	<ul style="list-style-type: none">• Remove & Install Pumping Unit• Inspect & Rebuild Motor• Inspect & Rebuild Pump	\$50,789.00
2	CPM	<ul style="list-style-type: none">• Remove & Install Pumping Unit• Inspect & Rebuild Pump	\$57,222.78
3	Koffler	<ul style="list-style-type: none">• Remove & Install Pumping Unit• Inspect Pump• Inspect & Rebuild Motor	\$29,550.00

Table 1. Bid Summary

Recommendation:

Staff recommends the Board authorize the General Manager to execute a contract with Commercial Pump and Mechanical, Inc., for \$57,222.78, plus a 10% contingency, for a total cost of \$62,945.06 and to make all other necessary approvals. The repairs are included within the \$85,000 budget to rebuild P-27.

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SAN JOAQUIN COUNTY

**FLOOD CONTROL & WATER
CONSERVATION DISTRICT**

P. O. BOX 1810

STOCKTON, CALIFORNIA, 95201
TELEPHONE (209) 468-3000
FAX NO. (209) 468-2999

Kris Balaji
DIRECTOR OF PUBLIC WORKS

ADVISORY WATER COMMISSION
January 19, 2022, 1:00 p.m.
Call-In Information Provided
AGENDA

- I. Roll Call**
- II. Approve Minutes for the Meeting of October 20, 2021 (Attachment 1 – Page 3)**
- III. Discussion/ Action Items:**
 - A. Discussion and Possible Action to Adopt Resolution R-22-XX Determining to Conduct Meetings Using Teleconferencing Pursuant to Government Code 54953 as Amended by AB 361 (Attachment 2 – Page 6)
 - B. Reminder to Commissioners of Required Oath of Office Submittal to the San Joaquin County Clerk of the Board's Office
 - C. Adopt 2022 Regular Meeting Schedule
 - D. Review of 2021 Annual Activities and Major Water Management Actions
 1. Water Resources (Attachment 3 – Page 8)
 2. Flood Control and Management
 - E. Strategic Priorities for 2022
 1. Purpose, Mission and Role of the AWC
 2. Identification and Discussion of Water Resources Issues
 3. Identification and Discussion of Water Resources Opportunities, Projects and Programs
 - F. State and Federal Funding and Grants
- IV. Staff Reports**
- V. Public Comment: *Please limit comments to three minutes.***
- VI. Commissioner Comments**
- VII. Future Agenda Items**
- VIII. Adjournment**

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Weekly Water Report	As of: Jan. 17, 2022	As of: Jan. 24, 2022
New Hogan (NHG) TOC	165,523	AF
Storage:	132,195	AF
Net Storage Change:	+1,197	AF
Inflow:	103	CFS
Release:	45	CFS
New Melones (NML) Allocation	75,000	AF
Storage:	973,232	AF
Net Storage change:	+13,333	AF
Inflow:	1,152	CFS
Release:	279	CFS
Source: CDEC Daily Reports		

Goodwin Diversion (GDW)		
Inflow (Tulloch Dam):	271	CFS
Release to Stanislaus River (S-98):	202	CFS
Release to OID (JT Main):	0	CFS
Release to SSJID (SO Main):	0	CFS
Release to SEWD:	<u>0</u>	CFS
Total Release	202	CFS
Source: Tri-Dam Operations Daily Report		
Farmington Dam (FRM)		
Diverted to SEWD:	N/A	CFS
Diverted to CSJWCD:	0	CFS
Source: USACE WCDS Hourly Report		

Surface Water Used		
Irrigators on New Hogan:	0	
Irrigators on New Melones:	0	0
Out-Of-District Irrigators:	0	0
DJWWTP Production:	20	MGD
North Stockton:	6	MGD
South Stockton:	2	MGD
Cal Water:	12	MGD
City of Stockton DWSP Production:	10	MGD

District Ground Water Extraction		
74-01	0	GPM
74-02	0	GPM
North	0	GPM
South	0	GPM
Extraction Well # 1	<u>0</u>	GPM
Total Well Water Extraction	0	GPM

Note: All flow data reported here is preliminary and subject to revision.

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