



REGULAR BOARD MEETING

OCTOBER 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

Justin M. Hopkins
General Manager

LEGAL COUNSEL

Jeanne M. Zolezzi
General Counsel

Phone 209-948-0333
Fax 209-948-0423

E-mail sewd@sewd.net

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, OCTOBER 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 McGurk) & Roll Call	
B.	Consent Calendar (None)	
C.	Public Comment (Non-Agenda Items)	
D.	Scheduled Presentations and Agenda Items	
	1. JWT and Associates, LLP – Certified Public Accountants – Audited Financial Statements Presentation for Fiscal Year 2021-2022	01
	2. Minutes 10/18/22 Regular Meeting	45
	3. Warrants	
	a. Fund 68 – Municipal & Industrial Groundwater Fund	51
	b. Fund 70 – Administration Fund	53
	c. Fund 71 – Water Supply Fund	57
	d. Fund 89 – Fish Passage Improvements Fund	59
	e. Fund 91 – Vehicle Fund	61
	f. Fund 94 – Municipal & Industrial Fund	63
	g. Summary	65
	h. Payroll	67
	i. Short Names/Acronym List	69
	j. SEWD Vehicles & Heavy Equipment	71

4.	Association of California Water Agencies – Notice of General Session Membership Meeting on November 30, 2022 Memo, 10/05/22	73
5.	Stockton East Water District – Agreement Amendment for Bellota Project 100% Design Memo, 10/25/22	97
6.	Stockton East Water District – Peters Pipeline Constant Head Vault Gate Memo, 10/25/22	99
7.	Stockton East Water District – Duck Creek Traveling Water Screen Improvements Memo, 10/25/22	101
E.	Committee Reports	
1.	San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 10/19/22	103
2.	Eastern San Joaquin Groundwater Authority Technical Advisory Committee Meeting, 10/20/22	105
F.	Report of the General Manager	
1.	Water Supply Report as of 10/17/22	107
2.	Information Items	
a.	Material Included, but Bound Separately from Agenda Packet:	
1.	<u>Central Valley Water Storage At Low Level</u> , Oakdale Leader, 10/12/22	
2.	<u>California’s COVID State Of Emergency Ends February 28, 2023</u> , CSDA eNews, 10/18/22	
3.	<u>Newsom Advisor Warns Of Climate Threats To Farming</u> , AgAlert, 10/12/22	
3.	Report on General Manager Activities	
a.	San Joaquin County Office of Emergency Services – Agricultural Drought Task Force Meeting, 10/19/22	109
b.	Central Valley Project Water Association – Executive & Financial Affairs Committee, 10/21/22	119
c.	Stockton East Water District Activities Update	
G.	Director Reports	
1.	Greater Stockton Chamber of Commerce – 2022 San Joaquin Agricultural Hall Of Fame Awards Dinner, 10/20/22	121

H. Communications

I. Agenda Planning/Upcoming Events

1. San Joaquin Farm Bureau Federation – Water Committee Meeting, 5:00 p.m., 10/25/22
2. ACWA State Legislative Committee Meeting, 10:00 a.m., 10/28/22

J. Report of the Counsel

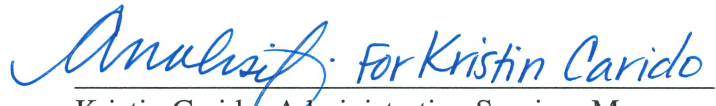
1. Closed Session - Existing Litigation
Stockton East Water District vs. City of Stockton, et al.
Government Code 54956.9 (a)
2. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

K. Adjournment

Certification of Posting

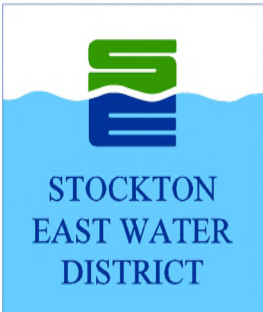
I hereby certify that on October 20, 2022 I posted a copy of the foregoing agenda in the outside display case at the District Office, 6767 East Main Street, Stockton, California, said time being at least 72 hours in advance of the meeting of the Board of Directors of the Stockton East Water District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

Executed at Stockton, California on October 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.

THIS PAGE
INTENTIONALLY
LEFT BLANK



STOCKTON EAST WATER DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2022 AND 2021

DRAFT

STOCKTON EAST WATER DISTRICT

Table of Contents

Independent Auditor’s Report on Financial Statements 1

Management’s Discussion and Analysis 3

Basic Financial Statements

Statements of Net Position 11

Statements of Revenues, Expenses, and Changes in Net Position 12

Statements of Cash Flows 13

Notes to Financial Statements 15

Supplementary Information

Combining Financial Statements 41

JWT and Associates, LLP

Certified Public Accountants

1111 East Herndon, Suite 211, Fresno, CA 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

Independent Auditor's Report

To the Board of Directors
Stockton East Water District

Opinion

We have audited the accompanying financial statements of the business-type activities of Stockton East Water District (the District), as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities of Stockton East Water District, as of March 31, 2022 and 2021 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Districts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MW & Associates, LLP

Fresno, California

October 18, 2022

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

The following is a narrative overview and analysis by the management of Stockton East Water District (the District) of the financial activities of the District for the fiscal year ended March 31, 2022. Readers should consider the information presented here in conjunction with the financial statements.

Financial Highlights

- Total assets of the District were \$142,078,556 with capital assets (Utility Plant in Service) at \$84,539,430, net of accumulated depreciation. Current and other assets were \$47,210,466 and \$158,718, respectively.
- Total liabilities were \$48,666,652 consisting of long-term liabilities of \$38,961,849 and current liabilities of \$9,704,804.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$89,956,489 (net position). Of this amount, \$30,938,654 (unrestricted net position) may be used to meet the District's ongoing obligations and \$51,570,473 represents the District's net investment in capital assets.
- The District's net assets increased by \$13,890,025 from \$76,066,464 in FYE 2021 to \$89,956,489 in FYE 2022.
- Total operating revenues for the fiscal year 2021-2022 were \$31,814,280, which is an increase of 8.6% from the prior year or \$2,512,219. Surface and groundwater sales and assessments were largely unchanged from the previous fiscal year. The bulk of the increase came from one-time surface water sale to the San Luis & Delta-Mendota Water Authority for \$3,000,000. Base Monthly Payments from the District's Urban Contractors decreased by \$1,102,014 while rate of equalization charges to other municipal and industrial customers increased by \$376,550 partly offsetting the increase in the Base Monthly Payments. The remaining significant increase was a result of increased transmission and distribution charges of \$170,592 from Central San Joaquin Water Conservation District (CSJWCD) which resulted from an account true-up and an increase in amount of water wheeled in 2022.
- Total operating expenses for the fiscal year 2021-2022 were \$23,846,874. This figure shows an increase of 6.7% or \$1,503,979 from the prior fiscal year figure of \$22,342,896. Several factors contributed to the significant increase of operating expenses which were offset by some decreases in other broad expense categories.
Water treatment costs rose significantly by \$2,423,665. A portion of this increase was due to volume of water treated. In FYE 2021 the District treated 30,831 AF while that number rose to 35,528AF in FYE 2022. The increase in volume directly contributed to increased expenses across various cost categories, most notably: chemicals increased by \$381,932, electricity increased by \$131,944, maintenance and repair rose by \$427,187, and sludge disposal activities rose by \$117,691. The rest of the increase stemmed an additional discretionary payment of \$1,062,592 made to reduce the Unfunded Accrued Liability of the CalPERS retirement plan.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

Transmission and distribution costs increased slightly by \$115,196 due to increased activity in canal and distribution system maintenance.

Sources of supply expenses saw a decrease of \$1,060,721. The decrease was due to one main reason. During the previous fiscal year, the District converted its United States Bureau of Reclamation Contract for water from New Melones Dam from a water service to a repayment contract which necessitated payment of the District's construction obligations for a total \$1,595,236. That expense is a one-time expense and as such was not present during FYE 2022 which makes up the majority of the decrease in sources of supply slightly offset by increased water costs due to the increase in volume water required for the treatment plant.

Administrative expenses decreased slightly by \$241,941 with no significant fluctuations from the previous fiscal year and depreciation rose lightly with the addition of fixed assets with an increase of \$241,941. Amortization expenses related to Certificates of Participation were closed out this year netting \$27,444 in expenses.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District is an independent special District formed by the California Legislature and follows enterprise fund reporting. There are three main divisions to the District's operations: 1) the Municipal and Industrial (M&I) Division is primarily funded by base monthly payments from the Urban Contractors and ground water rate equalization charges from other municipal and industrial customers; 2) the Agricultural (Ag) Division derives its revenues from fees and assessments charged to agricultural irrigators within District boundaries; and 3) the Administration Division is non-revenue generating division that provides administrative support to the M&I and Ag divisions.

Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The District's basic financial statements are comprised of three components: 1) Statement of Net Position; 2) Statement of Revenues, Expenses and Changes in Net Position; and 3) Statement of Cash Flows. This report also contains other supplemental information in addition to the basic financial statements themselves.

The *Statement of Net Position* presents the current and long-term portions of assets and liabilities separately and may provide a useful indicator of whether the financial position of the District is improving or deteriorating over time. This statement includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing profitability and credit worthiness as well as how the District's net position changed during the most recent fiscal year. This statement shows revenues and expenses from operations, non-operating revenues and expenses, and capital contributions, and reconciles the change from one fiscal year to the next. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The *Statement of Cash Flows* is prepared using the direct method and is concerned solely with input and outlay of cash from operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement also includes a reconciliation of operating profit (loss) to cash from operating activities. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Net Position

As noted earlier, net position may serve as a useful indicator of the District's financial position. As shown in Figure 1, the District's assets exceeded liabilities by \$89,956,489 on March 31, 2022, an increase of \$13,890,025 from the District's net assets at March 31, 2021.

By far the largest portion of the District's net assets reflects its net investment in capital assets (e.g., land, buildings, conveyance facilities, water treatment plant, pipelines and equipment), less related outstanding debt used to acquire those assets. The District uses these assets to provide water services to its customers; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from services to customers or other sources, since capital assets themselves cannot be used to liquidate these liabilities.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

Figure 1

Net Position

	3/31/2022	3/21/2021	Variance	%
Current and other assets	\$ 56,057,828	\$ 48,313,121	\$ 7,744,707	16.0%
Property, plant and equipment, net	84,539,430	84,111,491	427,939	0.5%
Total assets	140,597,258	132,424,612	8,172,646	6.2%
Current liabilities	9,704,804	11,813,439	(2,108,635)	-17.8%
Long-term liabilities	38,961,849	45,568,459	(6,606,610)	-14.5%
Total liabilities	48,666,652	57,381,896	(8,715,244)	-15.2%
Net investment in capital assets	51,570,473	45,590,492	5,979,981	13.1%
Restricted	7,447,362	7,673,576	(226,214)	-2.9%
Unrestricted	30,938,654	22,802,396	8,136,258	35.7%
Total net position	\$ 89,956,489	\$ 76,066,464	\$ 13,890,025	18.3%

A portion of the District's net position (\$7,447,362) represents resources that are subject to external restrictions on how they may be used. These net positions consist of funds dedicated to specific purposes, e.g., urban contractors' directives, capital construction and dry year reserves. The remaining balance of the District's net assets is unrestricted and may be used to meet the District's ongoing obligations and creditors.

Change in Net Position

As shown in Figure 2, the District's operating, non-operating activities and developer fees increased net assets by \$13,890,026 as compared to a \$10,709,749 increase in net assets in the prior year. The District's net position increase is due to the combined changes of the following major components:

- The District's FYE 2022 operating profit of \$7,967,405 (that portion of the District's operating revenues in excess of its operating expenses) represents an increase of \$1,008,240 from FYE 2021's operating profit of \$6,959,165.
- Non-operating expenses, net increased \$790,629 from \$6,126 in FYE 2021 to \$796,755 in FYE 2022.

Operating Revenues. Operating revenues increased by 8.6% or \$2,512,219. This is mainly due to the aforementioned surface water sale and a rise in groundwater rate of equalization assessment revenue offset by a decrease in the Base Monthly Payments from the Urban Contractors. Base Monthly Payments are treated water payments mandated by the Second Amended Contract. The Second Amended Contract between the District and the Urban Contractors calls for the Urban Contractors to make payments to the District in the amounts necessary to cover the District's cost of all municipal and industrial expenses. Said costs include costs related to sources of supply, transmission and distribution, water treatment plant operation and maintenance costs, debt payments on certificates of participation, an installment purchase agreement, state revolving fund loan used for construction of the treatment plant and transmission system, and a share of conveyance and storage facilities, in addition to ground water rate equalization charges paid by other municipal and industrial customers.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

Operating Expenses. Operating expenses increased 6.7% or \$1,503,979 made up mostly of decreases in sources of supply expenses of \$1,060,721, increased water treatment expenses of \$2,423,665, increased transmission and distribution expenses of \$115,196, and decreased general and administrative expenses of \$243,546.

Non-operating Revenues (Expenses). Total net non-operating revenues (expenses) for FYE 2022 increased \$790,629 from 6,126 in FYE 2021 to \$796,755 in FYE 2022. This increase is composed of an increase in grant reimbursements of \$2,186, a decrease in interest expense of \$353,098, an increase in property taxes of \$38,376, a decrease in GASB 68 pension expense of \$574,349 offset by decrease in interest and other income of \$160,834, and a decrease in loss on sale of fixed assets of \$3,061.

Developer Fees. During FYE 2022, the District received \$5,125,865 in developer fees representing capital contributions compared to \$3,744,457 in FYE 2021 for an increase of \$1,381,408.

Figure 2

Changes in Net Position				
	3/31/2022	3/21/2021	Variance	%
Operating revenues	\$ 31,814,280	\$ 29,302,061	\$ 2,512,219	8.6%
Operating expenses	23,846,875	22,342,896	1,503,979	6.7%
Operating profit	7,967,405	6,959,165	1,008,240	14.5%
Nonoperating revenues (expenses)				
Property taxes	557,961	519,585	38,376	7.4%
Interest, LAIF	102,748	301,958	(199,210)	-66.0%
Interest, investments and other	59,058	34,167	24,891	72.9%
Gain (loss) on sale of fixed assets	-	3,061	(3,061)	-100.0%
Grant Reimbursements	837,802	835,616	2,186	0.3%
Interest expense	(1,357,856)	(1,710,954)	353,098	-20.6%
GASB 68 pension expense	597,042	22,693	574,349	2531.0%
Total non-op revenues/(exp)	796,755	6,126	790,629	12906.1%
Developer fees	5,125,865	3,744,457	1,381,408	36.9%
Change in net position	\$ 13,890,026	\$ 10,709,749	\$ 3,180,277	29.7%
Net position -- beginning of period	76,066,464	65,356,715		
Net position -- end of period	\$ 89,956,489	\$ 76,066,464		

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

Budget Comparisons

The following table compares actual operating revenues and expenses to the 2020-2021 budget:

Figure 3

	Budgeted	Actual	Variance
	2021-2022	2021-2022	
Operating Revenues	\$ 28,850,832	\$ 31,814,280	\$ 2,963,448
Operating Expenses	25,205,358	21,488,390	(3,716,968)
Net Operating Income	\$ 3,645,474	\$ 10,325,891	\$ 6,680,417

For FYE 2022, operating revenues were \$2,963,448 higher than budgeted. The difference is mainly due a surface water sale to the San Luis & Delta-Mendota Water Authority for \$3,000,000 as well as net increases in surface water sales and groundwater assessments of \$290,568 and an increase in sources of supply charges to CCWD of \$105,233 offset by a variance in Water Equalization Revenues of \$456,925 presumably caused by conservation efforts in the area.

Capital Asset and Debt Administration

Capital Assets Activity

The District's net investment, after depreciation, in capital assets as of March 31, 2022 amounted to \$84,539,430. The District's capital assets include all land, buildings, conveyance facilities, water treatment plant, pipelines and equipment owned by the District. The total increase in the District's investment in capital assets for the current fiscal year was .5% or \$427,939. This represents capital additions of \$4,074,807 offset by \$3,646,869 of depreciation.

Additional information on the District's capital assets can be found within the audited financial statements.

Long Term Debt Activity

On July 15, 2019 the District refunded previously issued Certificates of Participation with Pacific Western Bank as a taxable debt issuance via a note payable. The refunding did not extend repayment terms but rather lowered the cumulative interest rate being paid over the same period. Refunding is estimated to yield \$3,757,786 in savings. Principal indebtedness of the refunded debt on March 31, 2021 was \$28,520,000. The District completed a rate reset amendment with Pacific Western Bank on November 2021 that is estimated to net additional savings of \$1,137,963 over the life of the debt and which reset the principal owed to \$28,710,000. The District paid down principal indebtedness according to the terms of the note during the fiscal year ending March 31, 2021 in the amount of \$4,524,000. Principal indebtedness as of March 31, 2022 is \$24,186,000.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

The District entered into a funding agreement with the State of California Department of Public Health during FYE 2013 to assist the District in financing the construction of a 10 million gallon finished water reservoir and repair of the District's existing finished water reservoir. The funding agreement consists of a \$15,000,000 revolving loan, equal to the estimated total cost of construction and repairs. The revolving loan carries no interest and is amortized over a 20-year term. The loan is due to be retired in 2035.

Total outstanding indebtedness as of March 31, 2021 of \$7,735,729 related to the state revolving fund loan is included in the District's financial statements.

On July 15, 2014, the District entered into a \$3,325,000 note payable with the Bank of Stockton to provide financing relative to the purchase of real property adjacent to the District's treatment plant property, consisting of approximately 230 acres. The term of the note was 5 years with an option to renew the note after the initial term. On July 15 2019, the District renewed the note for an additional 5 years. As of March 31, 2022 total principal outstanding indebtedness of \$2,309,951 is included in the District's financial statements.

Note 8 in the Notes to the Financial Statements contains schedules showing the debt transactions for notes and loans payable for the year, the status of the debt as of March 31, 2021, and schedules of future debt service requirements. In addition, further detailed information regarding debt maturities is contained in the Other Supplemental Information subsection.

Future Financial Outlook

The California Legislature imposed rate limitations for the District's Agricultural Division when it provided the District with additional powers in 1979. Therefore, by design, the District has limited ability to raise revenues in its Agricultural Division. In 2022 the Legislature approved SB 656, which provides relief from this revenue limitation, and is awaiting the Governor's signature. The Second Amended Contract between the District and its Urban Contractors establishes a base monthly payment by the Urban Contractors that, in addition to ground water rate equalization charges paid by other municipal and industrial customers, covers 100% of the cost of the Municipal Division-Treatment Plant.

The District's water treatment plant is currently rated by the California State Water Resources Control Board – Division of Drinking Water (DDW) to treat 65 million gallons of water per day (mgd). On May 18, 2012, the District entered into an agreement to receive funding through the California Department of Public Health's State Revolving Fund Loan Program in the amount of \$15,000,000 for the construction of an additional 10 million gallon finished water reservoir. The 10 million gallon finished water reservoir was completed in November 2013, and represents a step toward expanding future treatment plant capacity.

STOCKTON EAST WATER DISTRICT

Management's Discussion and Analysis

March 31, 2022

In FY 2022, payments from the Urban Contractors have been made correctly in accordance with the Second Amended Contract. In 2017 the District filed a lawsuit against the Urban Contractors in an effort to ensure the terms of the Second Contract are followed. The parties are participating in mediation hearings to attempt to resolve the issue.

The District will continue to focus its efforts in achieving its mission of restoring and protecting the Eastern San Joaquin Groundwater Basin by implementing projects to reach sustainability in accordance with the Eastern San Joaquin Groundwater Basin Groundwater Sustainability Plan submitted to DWR. By encouraging a dual surface and groundwater supply system among the Urban Contractors, land developers, and the District's agricultural customers, the District can address the problems created by the region's critically over-drafted basin, retard saline intrusion, provide seasonal habitat for migratory waterfowl, and ultimately provide a sustainable long-term reliable water supply for its customers.

Joint efforts are ongoing to develop and undertake groundwater recharge/banking projects to achieve a sustainable conjunctively managed surface and groundwater supply for the region. The focus of these projects is the construction of surface water distribution, storage, and recovery systems that store unused surface water and ultimately put it to beneficial use when surface water shortages occur.

Requests for Information

The financial report is designed to provide the reader with a general overview of the District's finances. Questions concerning any of the information provided herein or requests for additional information should be addressed to the Finance Director, Stockton East Water District, P.O. Box 5157, Stockton, California 95205.

Stockton East Water District

Statement of Net Position

March 31,

Assets	2022	2021
Current assets		
Cash and cash equivalents	\$ 10,468,493	\$ 5,977,580
Water assessments receivable	852,324	976,294
Investments	34,435,468	31,347,150
Interest and other receivables	979,859	891,446
Current maturities of contract receivable	54,680	54,680
Prepaid expenses and supplies	419,644	541,824
Total current assets	47,210,468	39,788,974
Restricted assets		
Cash and cash equivalents	604,871	608,373
Investments	6,857,832	6,974,679
Developer fees receivable	1,225,939	726,121
Total restricted assets	8,688,642	8,309,173
Property, plant and equipment, net of depreciation	84,539,430	84,111,491
Other assets		
Contract receivable and other assets	158,718	214,977
Total assets	140,597,258	132,424,613
Deferred outflows of resources	1,481,298	1,777,910
Total assets and deferred outflows of resources	\$ 142,078,556	\$ 134,202,523
Liabilities and net position		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,177,517	\$ 3,281,606
Compensated absences payable	662,050	681,910
Customer prepaid water tolls	1,768,108	1,800,696
Current portion of long-term debt	4,097,128	6,049,226
Total current liabilities	9,704,804	11,813,437
Long-term debt, less current portion		
State revolving fund	7,163,055	7,736,099
Other loans payable	22,934,714	25,461,797
Post employment benefits	5,725,841	6,179,162
Net pension liability	3,138,239	6,191,401
Total liabilities	48,666,653	57,381,897
Deferred inflows of resources	3,455,414	754,164
Total liabilities and deferred inflows of resources	52,122,067	58,136,061
Net position		
Invested in capital assets	51,570,473	45,590,492
Restricted for urban contractors	5,414,768	5,400,405
Restricted for capital projects	1,693,657	1,949,727
Restricted for dry year reserves	338,937	323,444
Unrestricted	30,938,655	22,802,396
Total net position	89,956,490	76,066,464
Total liabilities and net position	\$ 142,078,556	\$ 134,202,523

See accompanying notes to the financial statements

Stockton East Water District

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended March 31,

	<u>2022</u>	<u>2021</u>
Operating revenues		
Surface water sales and ground assessments	\$ 5,136,871	\$ 1,746,599
Municipal and industrial water	26,199,102	26,924,669
Source of supply charges	478,307	480,793
Distribution charges	-	150,000
Total operating revenues	31,814,280	29,302,061
Operating expenses		
Source of supply	3,626,333	4,687,055
Transmission and distribution	2,601,396	2,486,200
Water treatment	9,943,183	7,519,518
General and administrative	4,001,646	4,245,195
Depreciation and amortization	3,674,313	3,404,928
Total operating expenses	23,846,871	22,342,896
Operating profit	7,967,409	6,959,165
Nonoperating revenues (expenses)		
Property taxes	557,961	519,585
Interest and investment income	161,806	336,125
Grant and other revenues	837,802	838,677
Interest expense	(1,357,856)	(1,710,954)
Developer fees	5,125,865	3,744,457
Total nonoperating revenues	5,325,578	3,727,889
Net pension expense	597,042	22,693
Increase in net position	13,890,026	10,709,749
Total net position, beginning of year	76,066,464	65,356,715
Total net position, end of year	\$ 89,956,490	\$ 76,066,464

See accompanying notes to the financial statements

Stockton East Water District

Statement of Cash Flows

For the Year Ended March 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from customers	\$ 30,759,736	\$ 30,759,736
Cash payments for goods and services	(13,417,905)	(13,417,905)
Cash payments to employees	(3,492,446)	(3,492,446)
Net cash provided by operating activities	<u>13,849,385</u>	<u>13,849,385</u>
Cash flows from non-capital and related financing activities		
Property taxes	519,585	519,585
Grant revenues	835,616	835,616
Net cash provided by non-capital and related financing activities	<u>1,355,201</u>	<u>1,355,201</u>
Cash flows from capital and related financing activities		
Principal payments on certificates of participation	-	-
Interest paid	(1,710,954)	(1,710,954)
Developer fees received	3,744,457	3,744,457
Proceeds from long-term contract receivable	56,305	56,305
Change in other loans payable	(5,803,553)	(5,803,553)
Purchases of capital assets, net	(2,964,186)	(2,964,186)
Net cash provided by (used) in cap and related financing activities	<u>(6,677,931)</u>	<u>(6,677,931)</u>
Cash flows from investing activities		
Net change in restricted assets	(7,080,331)	(7,080,331)
Net change investments	(31,347,150)	(31,347,150)
Interest income	663,735	663,735
Net cash used in investing activities	<u>(37,763,746)</u>	<u>(37,763,746)</u>
Net (de)/increase in cash and cash equivalents	(29,237,091)	(29,237,091)
Cash and cash equivalents, beginning of period	6,585,953	35,823,044
Cash and cash equivalents, end of period	<u>\$ (22,651,138)</u>	<u>\$ 6,585,953</u>

See accompanying notes to the financial statements

Stockton East Water District

Statement of Cash Flows

For the Year Ended March 31,

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income to net cash provided by operating activities		
Income from operations	\$ 7,967,409	\$ 6,959,166
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation and amortization	3,646,869	3,404,928
Other non-cash adjustments	(2,997,862)	320,007
Changes in operating assets and liabilities		
Water assessments and other receivables	35,557	707,808
Prepaid expenses and supplies	178,439	392,882
Accounts payable	(104,089)	789,362
Accrued payroll and related liabilities	(3,526,343)	525,365
Customer prepaid water tolls	(32,588)	749,867
Net cash provided by operating activities	<u>\$ 5,167,392</u>	<u>\$ 13,849,385</u>

See accompanying notes to the financial statements

DRAFT

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Stockton East Water District (the District) is presented to assist in understanding the District's financial statements.

Description of reporting entity

The District was organized on June 7, 1948 under the provisions of the California Water Conservation District Act of 1931.

The District's principal functions are:

- a. Develop and operate groundwater recharge and banking facilities to restore and protect the underground water supply,
- b. Contract for and regulate the flow of water from the New Hogan Dam on the Calaveras River to provide maximum benefit to the underground water supply,
- c. Contract for a supply of water from New Melones Dam on the Stanislaus River and regulate the diversion flow at Goodwin Dam through the New Melones Conveyance System for use within the Stockton East Water District and the Central San Joaquin Water Conservation District,
- d. Distribution of an agricultural surface water supply to more than 26,000 acres by use of check dams in natural channels,
- e. Operation of a drinking water treatment plant to supplement the supply of potable water to the metropolitan Stockton area, and
- f. Develop additional water supply contracts to provide future supplemental sources for the ultimate water needs of the area.

The governing board of the District consists of seven directors elected by the registered voters to represent specific areas within the District.

District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Basis of accounting

The financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting. As allowed by Governmental Accounting Standards Board (GASB) Statement No. 56, *Codification of Accounting and Financial Reporting Guidance* the District's proprietary funds follow all GASB pronouncements and accounting standards set by the Financial Accounting Standards Board (FASB) and included in the Accounting Standards Codification (ASC), except those that conflict with a GASB pronouncement.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of accounting

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's operating revenues include all revenues derived from the District's principal functions. Operating expenses include all costs related to the District's principal functions, general and administrative expenses, depreciation on capital assets and amortization on certificates of participation and installment purchase agreement issuance costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for developer fees which are reported separately and represent capital contributions charged by the District relative to water service area annexation.

The District combines the accounts of all divisions. Interdivision transactions are eliminated in combination.

Fund accounting

The District utilizes proprietary funds to account for its activities, which are similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

Budgetary accounting

The District utilizes formal budgetary procedures as required by District contracts, but is not required to adopt such procedures by law. The District adopts a budget annually which is approved by the Board of Directors.

Cash and cash equivalents

For purposes of the statement of cash flows, the District considers cash on hand, amounts due on demand from financial institutions within three months to be cash and cash equivalents.

Investments

Investments with an original maturity of three months or less when purchased are reported at cost, which approximates fair value. Investments that mature beyond six months when purchased are reported at fair value. Fair value is determined by examining quoted market prices. The change in fair value is included in nonoperating revenues and expenses in the statement of revenues, expenses and changes in net assets.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Water assessments receivable

Water assessments receivable includes all amounts invoiced and not received by the District for surface water sales and groundwater assessments and municipal and industrial water. District management considers all accounts receivable from water users and others to be fully collectible. Accordingly, an allowance for doubtful accounts has not been recorded in these financial statements.

Prepaid chemicals and supplies

The District's prepaid supplies, which includes chemicals, fuel and laboratory supplies is stated at the lower of cost or market using the first-in, first-out (FIFO) method of valuation.

Restricted assets

Restricted assets recorded in the financial statements consist of cash and cash equivalents, investments, interest receivable and developer fees receivable restricted for the following:

- Repayment of certificates of participation
- Urban Contractors' (City of Stockton, California Water Service Company, Lincoln Village Maintenance District and Colonial Heights Maintenance District) directives
- New Melones Conveyance System construction and improvements originating from certificates of participation issuances
- Treatment plant repairs and replacement
- Dry year reserves

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital assets

All capital assets are valued at historical cost. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Water contracts and rights	40 years
Wells and equipment	5 – 20 years
Groundwater recharge projects and pipelines	10 – 50 years
New Melones Conveyance System	5 – 50 years
Ponding dams	15 – 50 years
Bridges and crossings	5 – 33 years
Treatment plant	10 – 50 years
Treatment plant equipment	5 – 30 years
Automotive equipment	5 – 15 years
Administration building	10 – 25 years
Furniture and office equipment	5 – 10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Amortization of cost of issuance and refunding costs

Issuance costs related to certificates of participation and installment purchase agreements are capitalized and amortized using the effective interest method over the life of the respective certificates of participation and installment purchase agreement. Refunding costs related to the issuance of certificates of participation used to advance refund other certificates of participation are capitalized and amortized using the effective interest method over the remaining life of the old debt (had it not been refunded) or the life of the new debt, whichever is shorter. All is recorded in accordance with GASB 65.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year financial statement presentation. Net positions was unaffected.

Customer prepaid water tolls

Overpayments of BMP payments by the Urban Contractors are accrued and reported as customer deposits. As of March 31, 2022 and 2021, customer deposits totaled \$1,768,108 and \$1,800,696, respectively.

Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. This separate financial statement element, *deferred outflows and inflows of resources*, represents a consumption and acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/expenditure) until then. The District reported \$1,481,298 and \$1,777,910 and \$3,455,414 and \$754,164 of deferred outflow and inflows, respectively, as of March 31, 2022 and 2021.

Due from other divisions

Expenses incurred by each division are occasionally paid by another division, upon authorization by the Board of Directors pursuant to its authorizing legislation.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted net position – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Net position restrictions

Net position restricted for Urban Contractors' directives, New Melones Conveyance System construction and improvements, treatment plant repairs and replacements and dry year reserves, are recorded in the financial statements as restricted net position.

Surface water sales and ground water assessments

Surface and ground water revenues result from assessments by the District and are based upon acres irrigated or actual usage for agricultural or municipal and industrial purposes.

Municipal and industrial water

Municipal and industrial water revenues are primarily derived from fees charged under the Second Amended Contract. In addition, ground water rate equalization charges levied on ground water users within the municipal and industrial water service area are also included in municipal and industrial water revenue.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes

Property taxes levied January 1, 2021 were payable in two installments on December 10, 2021 and April 10, 2022. Property taxes levied January 1, 2020 were payable in two installments on December 10, 2020 and April 10, 2021. The County of San Joaquin bills and collects property taxes on behalf of the District.

The District is allocated a portion of property taxes collected by San Joaquin County. Property taxes receivable represents a portion of the July 1 to June 30 property taxes earned but uncollected at March 31.

Grant revenues

Income from grant agreements is recognized over the periods in which performance under the respective grant agreement relates. Determination of the classification of grant revenues as operating or nonoperating is based on the capital or operating nature of the related expenditures.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting pronouncements-

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, improves the information that is disclosed in notes related to debt. Statement No. 88 simplifies which liabilities government should include when disclosing information related to debt. It requires that additional information related to debt be disclosed. This statement is effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact of the provisions of GASB 88 on the financial statements

GASB Statement No. 87, *Leases* addresses changes to the reporting of leases. The GASB rules will bring significantly all leases on to lessees' balance sheets. The new guidance requires lessee government to report on (1) amortization expense, (2) interest expense on the lease liability and (3) note disclosures about the lease, general description and agreements, along with the amount of lease assets recognized and a schedule of future payments. The lessor government will report in its financial statements (1) lease receivable, (2) interest revenue on the receivable, (3) lease revenue corresponding with the reduction of the deferred inflow, and (4) note disclosures about the leases, general description and leasing agreement, along with the total amount of inflows of resources recognized from leases. The new rules exclude leases related to investment assets, short-term leases and certain regulated leases. The new statement is effective for reporting periods beginning after June 15, 2021. Management has implemented this standard in these financials, as does not expect it to materially affect reported operations.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Distinctions are made regarding the particular requirements for employers based on the number of employees whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District recognized additional liabilities for outstanding defined pension benefit obligations as of March 31, 2022.

Note 2 – Cash and Cash Equivalents

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's bank deposits are not held in public deposit accounts and are, therefore, not collateralized in accordance with the California Government Code.

Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer. The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. The value of the District shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the Pool. The District's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available upon demand and considered cash equivalents. The District is not required to and does not maintain a formal investment policy.

Note 3 – Investments

The District is a voluntary participant in the following external investment pool: Local Agency Investment Fund (LAIF). LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investments in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the pools for their entire portfolio (in relation to the amortized cost of that portfolio).

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 4 – Restricted Assets

The following is a summary of restricted assets along with the purpose of each restriction as of March 31,

	<u>2022</u>	<u>2021</u>
Urban Contractors’ directives	\$ 5,414,768	\$ 5,400,405
New Melones Conveyance System construction and improvements	818,024	818,024
Treatment plant repairs and replacement	1,121,702	1,121,702
Dry year reserves	338,937	323,444
	\$ 7,693,431	\$ 7,663,575

Note 5 – Capital Assets

Capital asset activity for the year ended March 31, 2022 is as follows:

	<u>Balance</u> <u>March 31, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>March 31, 2022</u>
Nondepreciable capital assets					
Land and land rights	7,610,338	-			7,610,338
Construction in progress	2,128,483	2,858,098		(781,089)	4,205,492
Total nondepreciable capital assets	7,985,868	2,858,098	-	(781,089)	11,815,830
Depreciable capital assets					
Water contracts and rights	3,142,139				3,142,139
Wells and equipment	1,709,839				1,709,839
Groundwater recharge projects	2,297,775				2,297,775
Pipeline	17,869,310	-			17,869,310
New Melones Conveyance	77,257,508				77,257,508
Ponding dams	712,576			-	712,576
Bridges and crossings	200,624	352,922		117,472	671,018
Treatment plant	46,095,184	508,808			46,603,992
Treatment plant equipment	2,011,720	354,979		663,617	3,030,316
Automotive equipment	1,393,278	-	-		1,393,278
Administration building	282,831	-			282,831
Furniture and office equipment	246,646	-			246,646
Total depreciable capital assets	153,219,430	1,216,709	-	781,089	155,217,229
Less accumulated depreciation	(78,846,760)	(3,646,869)	-	-	(82,493,629)
Total depreciable capital assets, net	74,372,670	(2,430,160)	-	781,089	72,723,600
Total capital assets, net	\$ 84,111,491	\$ 427,938	\$ -	\$ -	\$ 84,539,430

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 5 – Capital Assets (Continued)

Capital asset activity for the year ended March 31, 2021 is as follows:

Nondepreciable capital assets	<u>March 31, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	<u>March 31, 2021</u>
Land and land rights	\$ 7,610,338	\$ -	\$ -	\$ -	\$ 7,610,338
Construction in progress	0	1,782,060		346,424	2,128,484
Total nondepreciable capital assets	<u>7,610,338</u>	<u>1,782,060</u>	<u>-</u>	<u>346,424</u>	<u>9,738,822</u>
Depreciable capital assets					
Water contracts and rights	3,142,139				3,142,139
Wells and equipment	1,677,668	32,171			1,709,839
Groundwater recharge projects	2,297,775				2,297,775
Pipeline	17,869,310				17,869,310
New Melones Conveyance	77,257,508			-	77,257,508
Ponding dams	712,576			-	712,576
Bridges and crossings	200,624				200,624
Treatment plant	46,127,268	314,340		(346,424)	46,095,183
Treatment plant equipment	2,011,720				2,011,720
Automotive equipment	1,526,003		(132,725)		1,393,277
Administration building	282,831				282,831
Furniture and office equipment	246,646				246,646
Total depreciable assets	<u>153,352,068</u>	<u>346,511</u>	<u>(132,725)</u>	<u>(346,424)</u>	<u>153,219,429</u>
Less accumulated depreciation	<u>(75,574,558)</u>	<u>(3,404,928)</u>	<u>132,725</u>	<u>-</u>	<u>(78,846,760)</u>
Total depreciable assets, net	<u>77,777,511</u>	<u>(3,058,417)</u>	<u>-</u>	<u>(346,424)</u>	<u>74,372,669</u>
Total capital assets, net	\$ <u>85,387,849</u>	\$ <u>(1,276,358)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>84,111,491</u>

Construction in progress at March 31, 2022 consists of: Stockton East Water District is in process of designing a new fish ladder at Bellota Weir, reconstructing the Bellota Weir itself, screening the Bellota intake, and constructing a fish exclusion at the Old Calaveras River headgate structure. The project has multiple benefits and is a priority list item on the State's Fish Passage and Water Diversion for Screening lists. As a part of the CALFED Bay Delta Ecosystem Restoration Program, Department of Water Resources' (DWR's) Fish Passage Improvement Program (FPIP) conducted the "(Calaveras River Fish Migration Barriers Assessment Report", which included a detailed fishery study and modeling of potential impediments to migration in the Calaveras River and recommended similar actions at Bellota as the proposed Project.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 5 – Capital Assets (Continued)

The proposed Project is also an important element of the Calaveras River Habitat Conservation Plan (HCP) as part of Stockton East Water District's (SEWD's) application for National Marine Fisheries Service's Incidental Take Permit (ITP). The design is expected to be completed in fiscal year 2022-2023.

As of March 31, 2022 the District has expended \$512,694 towards the design, which is included in the March 31, 2022 construction in progress account. The District estimates costs to complete the design will be \$2,679,884, which will be funded out of the Treatment Plant budget and grants for this purpose.

Note 6 – Long-Term Contract Receivable

Under terms of the "District Contract" dated August 25, 1970, between Stockton East Water District and Calaveras County Water District, the payment of all obligations under the "New Hogan Contract" is the responsibility of Stockton East Water District. The District Contract provides for payment by Calaveras County Water District to Stockton East Water District for 43.5% of the construction costs of New Hogan Dam exclusive of recreation features. The original amount receivable was determined by reference to the final construction cost of \$15,362,636. The contract also provides for payment to Stockton East Water District for Calaveras County Water District's share of expense for operation, maintenance, replacement, contract administration and water-master expense. Total remaining balance at March 31, 2022 and 2021, (including current portion) was \$204,398 and \$269,657, respectively.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 7 – Long-Term Debt

In 2019, the District entered in three notes payable with Pacific Western Bank to provide financing for the retirement and repayment of all Certificates of Participation and Installment Agreement as noted in Note 7. The interest rates range from 4.31% to 4.90%, ten year amortization period. Future principal payments for the five succeeding years of March 31, 2022 are as follows: \$3,135,000 in 2023; \$3,292,000 in 2024; \$3,455,000 in 2025, and \$3,085,000 in 2026.

The District entered into a funding agreement with the State of California Department of Public Health. The purpose of the funding agreement is to assist the District in financing the construction of a 10 million gallon finished water reservoir and repair of the District's existing finished water reservoir. The funding agreement consists of a \$15,000,000 revolving loan, equal to the total estimated construction cost and repairs. The revolving loan carries no interest, and, upon completion of construction and repairs, is amortized over a 20-year term and payable in semi-annual payments each January 1 and July 1, beginning July 1, 2021. The District will fund the repayment of the revolving loan with municipal and industrial water revenues. The balance of the state revolving fund loan was \$7,735,729 and \$8,308,773 as of March 31, 2022 and 2021, respectively. Future principal payments for the five succeeding years of March 31, 2022 are as follows: \$572,674 in 2023; \$572,674 in 2024; and \$572,674 in 2025.

In 2014, the District entered into a \$3,325,000 note payable with the Bank of Stockton to provide financing relative to the purchase of real property adjacent to the District's treatment plant property, consisting of approximately 230 acres. The note is payable in 19 quarterly installments of \$56,932, with interest at 3.95%, collateralized by a deed of trust on real property, with all remaining principal and accrued interest due July 15, 2024. The District will fund the repayment of the Bank of Stockton note payable with municipal and industrial water revenues. Future principal payments for the succeeding years from March 31, 2022 are as follows: 149,803 in 2023, \$155,809 in 2024, \$162,055 in 2025, and \$168,552 in 2026.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 8 – Net Position

Reconciliations of net investment in capital assets and restricted net position classifications in the financial statements as of March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Net investment in capital assets		
Developer fees receivable	\$ 1,225,939	\$ 726,121
Capital assets, net of accumulated depreciation	84,539,430	84,111,491
Current liabilities (payable from restricted assets)	(4,097,128)	(6,049,226)
Long-term debt	<u>(30,097,769)</u>	<u>(33,197,896)</u>
Total net investment in capital assets	<u>\$ 51,570,472</u>	<u>\$ 45,590,490</u>
Restricted for urban contractors		
Cash and cash equivalents – restricted	10,000	10,000
Investments and interest receivable, restricted	<u>5,404,768</u>	<u>5,390,405</u>
Total net position restricted for urban contractors	<u>\$ 5,414,768</u>	<u>\$ 5,400,405</u>
Restricted for capital projects		
Cash and cash equivalents – restricted	584,871	598,373
Investments and interest receivable, restricted	<u>1,108,785</u>	<u>1,351,353</u>
Total net position restricted for capital projects	<u>\$ 1,693,656</u>	<u>\$ 1,949,726</u>
Restricted for dry year reserves		
Cash and investments – restricted	<u>338,937</u>	<u>323,444</u>
Total net position restricted for dry year reserves	<u>\$ 338,937</u>	<u>\$ 323,444</u>

Note 9 – Compensated Absences

As of March 31, 2022 and 2021, the District’s accrued liabilities for accumulated unused vacation and sick leave were \$662,052 and \$681,910, respectively. Employees accrue vacation and sick leave benefits based on length of service and current compensation. Accumulated vacation days are subject to a maximum accrual of 240 hours. Accumulated unused sick leave is 25% vested upon five years of continued service and 50% vested upon ten years of continued service. Employees are paid for their accumulated unused vacation and sick leave upon separation of service.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 10 – Developer Fees

Developer fees are collected to repay debt associated with the New Melones Conveyance System, which is currently expected to be thru 2029. Fees collected are recorded in the statement of revenues, expenses and changes in net assets. A schedule of the changes in total developer fees collected during the years ended March 31, 2022 and 2021 is as follows:

	<u>City of Stockton</u>	<u>San Joaquin County</u>	<u>Total</u>
Total developer fees collected as of March 31, 2020	<u>\$ 72,479,564</u>	<u>\$ 5,249,208</u>	<u>\$ 77,593,013</u>
Developer fees collected during the year ended March 31, 2021	<u>3,485,406</u>	<u>259,051</u>	<u>3,774,457</u>
Total developer fees collected as of March 31, 2021	<u>\$ 75,964,970</u>	<u>\$ 5,508,259</u>	<u>\$ 81,473,229</u>
Developer fees collected during the year ended March 31, 2022	<u>4,163,235</u>	<u>962,630</u>	<u>5,125,865</u>
Total developer fees collected as of March 31, 2022	<u>\$ 80,128,205</u>	<u>\$ 6,470,889</u>	<u>\$ 86,599,094</u>

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 11 – Defined Benefit Pension Plan

Plan description

The District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a separate comprehensive annual financial report. CalPERS maintains all plan documents on a June 30 fiscal year basis. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

California Public Employees Pension Reform Act of 2012

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2021 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA, which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Requires that new employees pay at least 50% of the total annual normal cost and that current employees approach the same goal through collective bargaining;
- Increases retirement age for all new public employees.

Separate tiers based on employee classification (Miscellaneous 2% at 55 and PEPRA Miscellaneous 2% at 62) are maintained and reported by CalPERS on behalf of the District. Both tiers are under the scope of GASB 68.

Funding policy

Active plan members who are part of the Miscellaneous 2% at 55 tier are required to contribute 7% of their annual covered salary which the District pays as a component of the employees' benefit package. Active plan members who are part of the PEPRA Miscellaneous 2% at 62 tier are required to contribute 50% of the total normal cost. District contributions on behalf of active plan members who are part of the PEPRA Miscellaneous 2% at 55 tier will continue until March 31, 2026, at which time the current memorandum of understanding with employees expires.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 11 – Defined Benefit Pension Plan (continued)

The Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, became effective for 2014 fiscal years. The statement established accounting and financial reporting standards for the recognition and disclosure requirements for employers with a liability to a defined benefit pension plan. GASB 68 requires that the District's liability be measured as the portion of the present value of projected benefit payments to be provided to current and inactive employees that is attributed to the employee's past periods of service, less the amount of the plan's net position. The statement also requires employers to present information about the changes in net pension liability. The District is also required to present a ten year schedule containing the net pension liability and certain related ratios, and information about statutorily or contractually required contributions and related ratios. Until a full ten year trend is compiled, the District will present information for only those years for which information is available.

The following is information the District is required to disclose under GASB 68.

Pension liabilities: At March 31, 2022, the District reported a liability of \$3,138,239 for its proportionate share of the net pension liability. The District's proportion of the net pension liability was based on the District's share of contributions in the plan relative to the total contributions of all participating employers. At June 30, 2021, the District's proportion was .00007 percent. The District's liability as of March 31, 2022 was measured as of June 30, 2021, for the measurement period of June 30, 2020 to June 30, 2021.

Employees covered by benefit terms: There are currently 38 active participants in the plan, and 38 participants receiving benefits, also one is no longer employed by the District but is vested.

Contributions: The recommended contribution for the 2022 plan year is \$687,595 (assuming contributions will be deposited throughout the plan year). The overall contributions to the plan as a percentage of covered-employee payroll was 17.3%.

Actuarial assumptions: Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earning of the individual between entry age and assumed exit age. The total pension liability in the June 30, 2021 measurement date actuarial valuation was determined using the following assumptions, applied to all periods in the measurement: 1) Inflation of 2.75%; 2) Payroll growth of 3%; 3) 7.5% investment rate of return.

Mortality rates were based on the CalPERS experience Study for a eighteen year period reported in December 2017.

Sensitivity of the net pension liability to changes in the discount rate: It is estimated that a 1% increase in the discount rate would decrease the net pension liability by approximately \$2.92 million dollars and a 1% decrease in the discount rate would increase the net pension liability by approximately \$3.53 million dollars.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 11– Defined Benefit Pension Plan (continued)

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Deferred Outflows and Inflows of Resources: The following table presents deferred outflows and inflows of resources related to pensions as of March 31, 2022:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	-	-
Differences between Expected and Actual Experience	351,920	-
Differences between Projected and Actual Investment Earnings	-	2,739,517
Differences between Employer's Contributions and Proportionate Share of Contributions	-	112,372
Change in Employer's Proportion	24,463	213,901
Pension Contributions Made Subsequent to Measurement Date	-	-
	<u>376,383</u>	<u>3,065,789</u>

Deferred outflows and inflows of resources will be amortized in pension expense in future years as required.

Note 12 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent District employees, permits them to defer a portion of their compensation until future years, and is strictly voluntary on behalf of the employees, and is not mandated by the District. The deferred compensation is available to employees upon termination, retirement, death or unforeseeable emergency.

Note 13 – Subsequent events

The District has evaluated all events and transactions that occurred after March 31, 2022, and through the date the financial statements were available to be issued.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 14 – Other Post-Employment Benefits

The District provides post-employment health benefits, in accordance with a negotiated memorandum of understanding with employees and adoption by the Board of Directors, for retired employees who meet the eligibility requirements and elect the option. Benefits are recognized as claims are paid. The District implemented GASB 75. The required disclosures from the new standard are as follows:

Plan description

Plan administration. The District administers the Other Post-Employment Benefit (OPEB) Plan, a single employer defined benefit plan.

Benefits provided. The District provides post-employment health benefits, in accordance with a negotiated memorandum of understanding with employees and adoption by the Board of Directors, for retired employees who meet the eligibility requirements and elect the option.

In order to be eligible to retire with District-paid health benefits, an employee must have been hired before April 1, 2015, completed five years of service with the District, and have retired under CalPERS. For retirements occurring before the effective date of the MOU dated August 19, 2008, the District will pay full medical premiums for the lifetime of the retiree. For retirements occurring after the effective date of the MOU, the following two additional provisions apply:

1. Retirees over age 65 must enroll in Medicare to preserve their eligibility for lifetime District-paid benefits; and
2. The District will contribute a percentage of a covered spouse's medical premium based on years of service of the retiree as follows: 0% for less than 20 years of service, 50% for at least 20 years but less than 30 years of service, and 100% for 30 or more years of service.

Benefits are recognized as claims are paid.

Plan membership. At March 31, 2022, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	20
Active plan members	20

Contributions. The District pays 100% of the cost of the OPEB plan. The District funds the plan on a pay-as-you-go basis.

Net OPEB Liability

The District's Net OPEB Liability was measured as of March 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of April 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 14 – Other Post-Employment Benefits (continued)

Salary increases	3.00 percent
Inflation rate	2.75 percent
Healthcare cost trend rate	5.00-5.20 percent for 2022-2069

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the April 1, 2020 valuation were based on a review of plan experience during the period April 1, 2021 to March 31, 2022.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
March 31, 2021	March 31, 2021	4.00%	2.27	2.27%
March 31, 2022	March 31, 2022	4.00%	2.83%	2.83%

The components of the net OPEB liability were as follows:

Total OPEB liability	5,725,841
Plan fiduciary net position	0
Net OPEB liability	\$5,725,841

Measurement date	March 31, 2022
Reporting date	March 31, 2022

Covered payroll	\$2,529,834
Net OPEB liability (asset) as a percentage of covered payroll	244.25%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 14 – Other Post-Employment Benefits (continued)

Schedule of Changes in Net OPEB Liability (April 1, 2021 to March 31, 2022)

Total OPEB Liability	
Service Cost	\$ 117,532
Interest	140,050
Changes of benefit terms	-0-
Difference between expected and actual experience	-0-
Changes of assumptions	(455,291)
Benefit payments ¹	(255,612)
Net change in total OPEB liability	(453,321)
Total OPEB liability – April 1, 2021 (a)	\$ 6,179,162
Total OPEB liability – March 31, 2022 (b)	\$ 5,725,841
Plan fiduciary net position	
Contributions – employer ¹	255,612
Net investment income	0
Benefit payments ¹	(255,612)
Trustee fees	0
Administrative expense	0
Net change in plan fiduciary net position	0
Plan fiduciary net position – April 1, 2021 (c)	\$0
Plan fiduciary net position – March 31, 2022 (d)	\$0
Net OPEB liability – April 1, 2021 (c) – (a)	\$ 6,179,162
Net OPEB liability – March 31, 2022 (d) – (b)	\$ 5,725,841

¹ Amount includes implicit subsidy associated with benefits paid.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.83%)	Discount Rate (2.83%)	1% Increase (3.83%)
Net OPEB liability (asset)	6,577,785	5,725,841	5,030,185

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.90% decreasing to 4.00%)	Trend Rate (6.00% decreasing To 5.00%)	1% Increase (6.90% decreasing to 6.00%)
Net OPEB liability (asset)	4,904,366	5,725,841	6,746,853

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 14 – Other Post-Employment Benefits (continued)

Net OPEB Expense

The District’s Net OPEB expense for March 31, 2022 was \$344,063.

Net OPEB Liability - beginning (a)	\$ 6,179,162
Net OPEB Liability – ending (b)	\$ 5,725,841
Change in Net OPEB Liability [(b)-(a)]	(453,321)
Change in Deferred Outflows	221,211
Change in Deferred Inflows	320,531
Employer Contributions	255,612
Net OPEB Expense – April 1, 2021 to March 31, 2022	\$ 344,063

Service Cost	117,532
Interest Cost	140,050
Recognition of Deferred Outflows and Inflows	
Differences between expected and actual experience	(20,937)
Changes of assumptions	107,388
Differences between projected and actual investments	0
Total	86,451
Net OPEB Expense – April 1, 2021 to March 31, 2022	\$344,063

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2022, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	0	48,156
Changes in assumptions or other inputs	345,065	341,468
Differences between projected and actual return investments	0	0
Total	\$ 345,065	\$389,624

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year ending March 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	218,591	(134,760)
2024	115,614	(134,760)
2025	10,863	(120,104)

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 15 – Joint Venture (Joint Powers Agreement)

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to insure for risks of loss, the District participates in a joint venture under a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The relationship between the District and the JPIA is such that the JPIA is not a component unit of the District for financial reporting purposes.

The JPIA arranges for and provides self-insured programs for liability, property, workers' compensation and underground storage tank pollution liability coverages for member districts. Each district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPIA. The District's share of surpluses and deficits cannot be determined, although District management does not expect such amounts, if any, to be material in relation to the financial statements.

The latest audited financial information for the JPIA is for the fiscal year ending September 30, 2021 and the condensed financial information of the JPIA is as follows:

Total assets and deferred outflows	\$ 272,959,501
Total liabilities and deferred inflows	<u>(123,148,969)</u>
Net position	<u>\$ 149,810,532</u>

The entity did not have long-term debt outstanding at September 30, 2021. The District's share of the year-end assets, liabilities or fund equity has not been calculated by the JPIA.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 16 – Commitments and Contingencies

Second Amended Contract

The District is a party to the Second Amended Contract with City of Stockton, California Water Service Company, San Joaquin County, Lincoln Village Maintenance District, and Colonial Heights Maintenance District (Urban Contractors) in which the District agreed to make available to the Urban Contractors a minimum of 20,000 acre-feet of treated water. The contract calls for the Urban Contractors to make payments to the District in the amounts necessary to reimburse the District for all municipal and industrial source of supply and transmission and distribution expenses, operation and maintenance costs of the treatment plant, principal and interest payments on certificates of participation used for the construction of the treatment plant and for the municipal and industrial share of conveyance and storage facilities and other items as specified under the Second Amended Contract. The Contract remains in effect until April 1, 2035.

Contractor payments under the Second Amended Contract are based on the proportion of total water produced by the respective contractor from any source, not only the amount delivered from the District. In April 2012, the Urban Contractors signed an agreement, separate from the Second Amended Contract and not signed by the District, reallocating use of the District's water supply. The agreement also reallocated payments to the District based on water delivered by the District, rather than total water produced, which is inconsistent with the methodology in the Second Amended Contract. Therefore, in the past, while the District has received payments in amounts equal to the total amount owed by all contractors under the Second Amended Contract, the payments have not been made by the contractor to whom the charge was allocated. This issue is currently the subject of litigation among the parties. However, in 2022 payments from the Urban Contractors have been made correctly in accordance with the Second Amended Contract.

New Melones Contract

The District constructed the New Melones Conveyance System (the "System") which transports water from the New Melones Reservoir to the District's water treatment plant, as well as providing water for irrigation. This water provides a surface water supply in addition to the District's existing surface supply from the New Hogan Reservoir and wells pumping ground water. The System consists of the purchase of an undivided one-third interest in Goodwin Dam, a diversion structure at Goodwin Dam, the Goodwin Tunnel, and the Upper Farmington Canal Improvements to Shirley, Hoods and Rock Creeks for conveyance, the Lower Farmington canal, Peters Pipeline and improvements to the existing District water treatment plant. The System contains both single-use facilities, to be used exclusively by the District, and facilities that may be used to provide New Melones water to the Central San Joaquin Water Conservation District.

New Hogan Dam Contract

Under terms of a contract known as the "New Hogan Contract" dated August 25, 1970, between the United States of America, Stockton East Water District and Calaveras County Water District, the two districts contracted to receive the full yield of the New Hogan Project in exchange for repaying the United States of America a portion of the construction costs of New Hogan Dam, excluding recreation features. This repayment obligation was paid in 2011.

STOCKTON EAST WATER DISTRICT

Notes to Financial Statements

March 31, 2022 and 2021

Note 16 – Commitments and Contingencies (Continued)

The District now continues to pay for a portion of the annual operation, maintenance, replacement and contract administration costs. This payment is determined every five years based on estimated costs as determined by the U.S. Army Corps of Engineers and adjusted for the differences between the actual costs and estimated costs of the prior five years.

New Melones Conveyance System

The District constructed the New Melones Conveyance System (the “System”) which transports water from the New Melones Reservoir to the District’s water treatment plant, as well as providing water for irrigation. This water provides a surface water supply in addition to the District’s existing surface supply from the New Hogan Reservoir and wells pumping ground water. The System consists of the purchase of an undivided one-third interest in Goodwin Dam, a diversion structure at Goodwin Dam, the Goodwin Tunnel, and the Upper Farmington Canal Improvements to Shirley, Hoods and Rock Creeks for conveyance, the Lower Farmington canal, Peters Pipeline and improvements to the existing District water treatment plant. The System contains both single-use facilities, to be used exclusively by the District, and facilities that may be used to provide New Melones water to the Central San Joaquin Water Conservation District.

Merger with Central San Joaquin Water Conservation District

The District is currently pursuing consolidation with its neighbor district to the south, the Central San Joaquin Water Conservation District. The districts came to terms on a merger agreement, and have filed a joint application with the San Joaquin Local Agency Formation Commission (LAFCO). LAFCO is now preparing a Municipal Services Review, which is the first step in moving towards consolidation. No formal timeline is available with regards to approval by LAFCO or completion of the consolidation, and District management does not expect material changes to the financial statements or operations as a result of the potential merger.

Note 17 – Governing Board

As of March 31, 2022, the seven members of the District’s Board of Directors were as follows:

<u>Director</u>	<u>Division</u>	<u>Term expires</u>
Richard Atkins	1	December 2024
Andrew Watkins	2	December 2022
Alvin Cortopassi	3	December 2024
Melvin Panizza	4	December 2024
Paul Sanguinetti	5	December 2022
Loralee McGaughey	6	December 2022
Thomas McGurk	7	December 2022

DRAFT

COMBINING FINANCIAL STATEMENTS

Stockton East Water District

Combining Statement of Net Position

March 31, 2022

	Admin	Agricultural	Municipal Division		Consolidated Total	2021
			Groundwater	Treatment Plant		Consolidated Total
Assets						
Current assets						
Cash and cash equivalents	1,309,556	762,883	393,028	8,003,025	10,468,493	5,977,580
Water assessments receivable	-	534,903	19,548	297,873	852,324	976,293
Interest receivable, LAIF	9,292	1,560	1,234	9,519	21,603.62	35,596
Investments	14,810,785	2,485,914	1,966,169	15,172,601	34,435,468	31,347,509
Other receivables	486,528	-	(3,891)	475,618	958,255	855,850
Due to other divisions	(2,699,720)	(798,281)	(853,192)	4,351,194	-	-
Contract receivable, current	54,680	-	-	-	54,680	54,680
Inventory	52,724	-	-	77,902	130,625	138,655
Prepaid expenses	227,946	-	-	61,070	289,017	403,168
Restricted assets						
Cash and cash equivalents	6,330	5,000	5,000	588,541	604,871	608,373
Investments	719,087	212,586	86,413	5,839,747	6,857,832	6,974,778
Developer fees receivable	-	-	-	1,225,939	1,225,939	726,121
Total current and restricted assets	14,977,208	3,204,564	1,614,308	36,103,029	55,899,109	48,098,147
Property, plant and equipment, net	44,699,838	492,844	6,129,605	33,217,143	84,539,430	84,111,491
Other assets						
Water assessments receivable	-	-	-	-	-	-
Long term contract receivable	158,718	-	-	-	158,718	214,977
Total assets	59,835,765	3,697,408	7,743,913	69,320,172	140,597,258	160,425,066
Deferred outflows	1,246,957	42,781	-	191,560	1,481,298	1,777,910
Total assets and deferred outflows	\$ 61,082,722	\$ 3,740,189	\$ 7,743,913	\$ 69,511,732	\$ 142,078,557	\$ 162,202,976
Liabilities and net position						
Current liabilities						
Accounts payable and accrued liabilities	1,799,800	-	94	1,377,623	3,177,517	3,281,606
Compensated absences payable	279,061	-	-	382,991	662,051	681,910
Customer prepaid water tolls	-	-	-	1,768,108	1,768,108	-
Deferred revenue	-	-	-	-	-	-
Current portion of long-term debt	2,886,000	-	151,084	1,060,044	4,097,128	6,049,226
Interest payable	-	-	-	-	-	-
Total current liabilities	4,964,861	-	151,177	4,588,766	9,704,804	39,813,890
Long-term debt, less current portion						
State revolving fund loan	-	-	-	7,163,055	7,163,055	7,736,099
Other loan payable	19,786,000	-	2,121,714	1,027,000	22,934,714	25,461,797
Interest payable	-	-	-	-	-	-
Accrued post-employment benefits	2,177,667	639,311	-	2,908,863	5,725,841	6,179,162
Net pension liability	3,138,239	-	-	-	3,138,239	6,191,401
Total liabilities	30,066,767	639,311	2,272,891	15,687,683	48,666,652	85,382,349
Deferred inflows	3,259,124	25,996	-	170,294	3,455,414	754,164
Net position						
Invested in capital assets	22,027,838	492,844	3,856,807	25,192,983	51,570,473	45,590,492
Restricted for urban contractors	-	-	-	5,414,768	5,414,768	5,400,405
Restricted for capital projects	571,514	-	-	1,122,142	1,693,657	1,949,727
Restricted for dry year reserves	-	245,323	93,614	-	338,937	323,444
Unrestricted	5,157,479	2,336,714	1,520,601	21,923,862	30,938,655	22,802,396
Total net position	27,756,831	3,074,881	5,471,022	53,653,755	89,956,490	76,066,464
Total liabilities and net position	\$ 61,082,722	\$ 3,740,188	\$ 7,743,913	\$69,511,732.00	\$ 142,078,557	\$ 162,202,976

Stockton East Water District

Combining Statement of Revenues, Expenses and Changes in Net Position

March 31, 2022

	Admin	Agricultural	Groundwater	Municipal Division Treatment Plant	Eliminations	Consolidated Total	2021 Consolidated Total
Operating revenues							
Surface water sales and assessments	3,000,000	1,762,096	54,183	320,592	-	5,136,871	1,746,599
Municipal and industrial water	3,984,917			26,199,101	-	26,199,101	26,924,669
Administration charges	478,307				(3,984,917)	478,307	-
Source of supply charges	3,145,466				(3,145,466)	0	480,793
Transmission and distribution charges	10,608,691	1,762,096	54,183	26,519,693	(7,130,383)	31,814,280	150,000
Total operating revenues							29,302,061
Operating expenses							
Source of supply	1,110,366	338,917	363,292	1,813,758		3,626,333	4,687,055
Transmission and distribution charges	2,544,899	840,295	697,675	1,663,993	(3,145,466)	2,601,396	2,486,200
Water treatment			1,664	9,941,518		9,943,183	7,519,518
General and admin	4,072,003	610,486	46,462	3,304,075	(3,984,917)	4,001,646	4,245,195
Depreciation	1,994,007	30,663		1,575,736		3,646,869	3,404,928
Amortization	27,444					27,444	-
Total operating expenses	9,748,719	1,820,360	1,109,094	18,299,081	(7,130,383)	23,846,870	22,342,896
Operating profit (loss)	859,972	(58,265)	(1,054,911)	8,220,613	-	7,967,409	6,959,166
Nonoperating revenues (expenses)							
Property taxes	557,961	-	-	-		557,961	519,585
Interest, LAIF	35,299	7,222	5,466	54,760		102,748	301,956
Interest, investments and other	38,720	-	20,000	338		59,058	34,170
Loss on sale of fixed assets	-	-	-	-		-	3,061
Grant revenues	33,319	-	-	804,483		837,802	835,616
Interest expense	(1,173,240)	-	(102,761)	(81,854)		(1,357,856)	(1,710,954)
Developer fees	-			5,125,865		5,125,865	3,744,457
Net profit prior to other items	352,031	(51,042)	(1,132,206)	14,124,205	-	13,292,988	10,687,056
Net change in pension expense	597,042					597,042	22,693
Interdivision transfers- debt service	-	(353,178)		353,178	-	-	-
Interdivision transfers- other	3,849,265	554,439	1,048,941	(5,452,645)	-	-	-
Change in net position	4,798,338	150,219	(83,265)	9,024,738	-	13,890,030	10,709,749
Net position, beginning of year	22,958,496	2,924,664	5,554,286	44,629,016		76,066,464	65,356,715
Net position, end of year	\$ 27,756,834	\$ 3,074,883	\$ 5,471,022	\$ 53,653,754	\$ -	\$ 89,956,490	\$ 76,066,464

THIS PAGE
INTENTIONALLY
LEFT BLANK

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, OCTOBER 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 Panizza led the Pledge of Allegiance.

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

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

Ellen McFall, Stockton East Water District customer thanked District Staff for answering her questions addressed at the previous Regular Board Meeting.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Registrar of Voters Presentation

Manager Hopkins provided the Board with a handout received from the San Joaquin County Registrar of Voters (ROV) regarding the Ballot Error for Stockton East Water District. Olivia Hale, Registrar of Voters, gave a presentation regarding the ROV Office identifying an error which affects two contests for Stockton East Water District Directors on the November 8, 2022 General Election Ballot. Ms. Hale invited the Board to ask questions and voice their concerns with the goal of bringing clarification and solution to the issue.

President Watkins inquired if the supplemental ballot will only be available at the ROV Office on election day. Ms. Hale replied yes, on election day the ROV Office has the capability to print personalized on-demand ballots for the voters without their supplemental ballot. Ms. Hale added per the Secretary of State, the ROV Office had to build a special election just for the District to include all seven divisions voting for both Division 5 and Division 7; in order to do that, a supplemental ballot was created as a mail ballot only. Ms. Hale stated the supplemental ballot only includes the Stockton East Water District contests and was sent in a yellow envelope to differentiate it from the general election ballot; the supplemental ballots will be counted solely for the Stockton East Water District contests. Ms. Hale added the supplemental ballots can be dropped off at any polling location on Election Day and voters can call the ROV Office to request an additional supplemental ballot be mailed or delivered to them.

Legal Counsel inquired if every voter received a mail ballot. Ms. Hale replies yes. Ms. Hale reported the 1st floor of the ROV Office will be a polling location with the option of drive-up voting where voters can request a supplemental ballot to vote on election day and can also opt to vote early at the ROV Office as well. Ms. Hale stated voters have full reign of all of the services the ROV Office provides in order for them to vote via the supplemental ballot.

President Watkins expressed his concern for voters not having the ability to acquire a supplemental ballot from the Stockton East Water District precincts on election day. Ms. Hale replied because this concern was relayed after the supplemental ballots were printed, additional supplemental ballots cannot be printed in time for the general election.

Director Cortopassi inquired how voters will know to vote on the supplemental ballot and not on the general election ballot since Director Paul Sanguinetti is listed on both. Ms. Hale replied only the supplemental ballots will be counted for both contests for Stockton East Water District. Ms. Hale added the ROV Office plans to turn to social media for help spreading the message to vote via supplemental ballot. Ms. Hale reported the ROV Office has already posted information to their website and sent out postcards to all voters explaining how to vote with the general and supplemental ballots.

Director Sanguinetti inquired how the error occurred. Ms. Hale replied in San Joaquin County, Policy Forms are sent to collect the information, however, the form did not include an option to declare if the District is elected by division or elected at large. Ms. Hale stated she took office at the Registrar on August 9, 2022 and the forms were sent out and evaluated prior to her appointment; in speaking with other registrars, election services are normally requested from the ROV Office by resolution. Ms. Hale reported Policy Forms will no longer be used by the ROV Office; a resolution template will be provided to the District for submittal going forward. Ms. Hale explained due to redistricting delays in 2020, special district requests were not sent out until early 2022. In response the ROV Office received Resolution 22-23-03 which indicated the District is governed by Division 21 of the Water Code; which designates Board Members to be elected by division and voters voting by division. Ms. Hale further explained the Special Legislation sent provided by Manager Hopkins acts as an exception to Division 21 of the Water Code; the ROV Office did not have the Special Legislation document on file. Ms. Hale stated this error will never happen again and she will improve communication with all special districts in an effort to effectively provide services in the future. Ms. Hale apologized for the error and promised to do better in the future.

Director McGurk complimented the written materials provided by the ROV Office and inquired about the social media effort. Ms. Hale replied the ROV Office now has an outreach team and recently launched social media pages with Facebook, Twitter and Instagram; Ms. Hale reported she will be reaching out to larger media affiliates with more following to help get the message out. Director McGurk stated he appreciates the efforts being applied to correcting the error. Ms. Hale reported she grew up in this community and understands the importance of taking care of our community and genuinely felt bad this error happened under her management. Ms. Hale reported the District will only be billed for the consolidated election; ROV Office received surplus funds from the State recall election which will be applied to cover the costs for the supplemental ballot.

Director Panizza inquired if the press release will be given to the local publications. Ms. Hale replied she is happy to run the press release with all local publications.

President Watkins inquired how many registered voters in Stockton East Water District. Ms. Hale replied about 179,000 registered voters.

Director McGurk reported in 2018 his total candidate cost was \$12,000 for a 200-word statement and this year the 200-word statement cost \$2,700; he paid by division which should have been an early indicator of the error since the amount was drastically lower. Ms. Hale stated she will speak to County Council and inquire if they can refund Director McGurk for the candidate statement amount. Ms. Hale reported in future elections the price for candidate statements will increase as the \$2,700 was for the division only.

Ms. Hale inquired why our District is by division and elected at large and asked if we would like to change that in the future. Legal Counsel Zolezzi replied our authorizing legislation governs what we do and we cannot change it, legislation would have to be changed.

Ms. Hale thanked the Board for their understanding and left business cards for those that would like to reach out or have further concerns. Director McGurk thanked Ms. Hale her efforts and being at the meeting to answer questions.

2. Minutes 10/11/22 Regular Meeting

A motion was moved and seconded to approve the October 11, 2022 Regular Board Meeting Minutes, as presented.

Roll Call:

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

3. Warrants – California Public Employees’ Retirement System

A motion was moved and seconded to approve the October 18, 2022 Warrants – California Public Employees’ Retirement System, as presented.

Roll Call:

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

4. Stockton East Water District – Electrical Bussing Modifications for High Service Pump Station Switch Gear A for Connection of New Automatic Transfer Switch Memo, 10/18/22

Manager Hopkins provided the Board with a memo regarding Electrical Bussing Modifications for High Service Pump Station Switch Gear A for Connection of New Automatic Transfer Switch. Assistant Manager Vega reported high service pump station currently only has standby power for half of the pumps through Switch Gear B and the connected ATS. Assistant Manager Vega reported the Board authorized the purchase of an additional ATS for Switch Gear A, however the existing bussing does not allow connection between the new ATS and Switch Gear A. Assistant Manager Vega recommended the Board authorize the General Manager to approve a contract with Schneider Electric to modify the electrical bussing necessary to connect the HSPS Switchgear A to the new ATS in the amount of \$48,838.25.

Director Cortopassi inquired what the cost covers. Assistant Manager Vega replied the cost covers the modification work in order to install an ATS on Switchgear A.

A motion was moved and seconded to authorize Schneider Electric to complete the work to connect the HSPS Switch Gear A to the new ATS in the amount of \$48,838.25, as presented.

Roll Call:

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

5. Stockton East Water District – Agreement Amendment for Bellota Project Cultural Resources Study Memo, 10/18/22

Manager Hopkins provided the Board with a memo regarding an Agreement Amendment for Bellota Project Cultural Resources Study. Manager Hopkins reported in 2019 ECORP Consulting, Inc. was Board Meeting – 10/18/22

engaged to provide environmental consulting work for the Bellota Project; their consulting work scope was based on the 65% design plan, but as the design progressed the changes between the 65% design to the now 100% design warranted further work on the CEQA documents to account for the addition of the piles to hold the structures up. Manager Hopkins reported the original scope of work did not include the additional work required to evaluate environmental impact due to pile driving. Manager Hopkins reported ECORP Consulting, Inc. submitted a request to amend the original agreement for an additional \$18,514, plus a 10% contingency for a total amount of \$20,365. Manager Hopkins reported the additional work is covered by the California Department of Fish & Wildlife grant. Manager Hopkins recommended the Board approve the amendment to the Professional Services Agreement with ECORP Consulting, Inc. for a revised not to exceed cost of \$121,104, plus a 10% contingency of \$12,137 for a total of \$133,214.

Director McGurk inquired if the quote is valid until the funding is available to complete the Project. Manager Hopkins replied the work ECORP Consulting, Inc. is doing has been ongoing; the amended amount will cover their services through the end of the Project. Director McGurk inquired if ECORP Consulting, Inc. services will be needed if pile driving disturbs something. Manager Hopkins replied no, they will develop a document that states the pile driving will disturb this area and in order to mitigate the disturbance this is what will need to be incorporated in the process of the Project.

A motion was moved and seconded to approve the amendment to the Professional Services Agreement with ECORP Consulting, Inc. for a revised not to exceed cost of \$121,104, plus a 10% contingency of \$12,137 for a total of \$133,214, as presented.

Roll Call:

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

Nays: None

Abstain: None

Absent: Atkins

6. iHub San Joaquin – 6th Annual H₂O Hackathon – Hack the Drought – 2022 Sponsorship Opportunity
Manager Hopkins provided the Board with the iHub San Joaquin – 6th Annual H₂O Hackathon – Hack the Drought – 2022 Sponsorship Opportunity. Manager Hopkins reported he has a meeting with an iHub representative today at 4:00 p.m. to inquire about the efforts made at the annual H₂O Hackathon – Hack the Drought event. Manager Hopkins reported he found information on the iHub website stating the iHub San Joaquin Branch mission is dedicated to re-invigorating the region’s economy as a center for sustainable technologies in three areas: Health Care, Agri-Business and Sustainable Construction Technology. Manager Hopkins reported the website only refers to the H₂O Hackathon to explain the competition which is to create the best drought app, the best water conservation campaign, the best water conservation story, poem or video to inspire Californians to save water.

President Watkins directed Manager Hopkins to decide if the District should sponsor the 6th Annual H₂O Hackathon – Hack the Drought.

E. COMMITTEE REPORTS

1. Eastern San Joaquin Groundwater Authority Steering Committee Meeting, 10/12/22
President Watkins and Manager Hopkins attended the October 12, 2022 Eastern San Joaquin Groundwater Authority Steering Committee Meeting. Manager Hopkins reported the Committee had four items; all items were approved and recommended to the GWA Board for approval. Manager Hopkins reported the recommendations included the Round 1 SGMA Grant for Eastern San Joaquin Region and the approval of two scopes of work from Woodward & Curran for the GSP Annual Report and the Water Accounting Framework. Manager Hopkins reported Brandon Nakagawa, South San Joaquin Irrigation District identified three comments that were formally submitted to DWR on the Board Meeting – 10/18/22

Draft

revised GSP. Manager Hopkins reported the DWR representative stated the comments will have no effect on the revised plan being approved if the revised plan addressed all of DWR's comments on the original plan. The next scheduled meeting is November 9, 2022.

2. Eastern San Joaquin Groundwater Authority Board Meeting, 10/12/22
Directors Panizza, Watkins and Manager Hopkins attended the October 12, 2022 Eastern San Joaquin Groundwater Authority Board Meeting. Director Panizza reported the meeting was brief with the approval of the minutes Director Panizza reported the GWA Board adopted a Resolution to include projects in the Eastern San Joaquin Groundwater Sustainability Plan, approved the Local Project Sponsor Agreement between the ESJ GWA and the North San Joaquin Water Conservation District, City of Stockton and San Joaquin County and authorize the Chairman to sign upon approval as to form and adopted the Eastern San Joaquin Water Resources Model Policy. The next scheduled meeting is November 9, 2022.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 10/17/22

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 53,006 AF in storage at New Hogan Reservoir. Current releases are set at 57 cfs. Current release at Goodwin Dam to Stanislaus River are set at 440 cfs and release to all water users are set at 0 cfs. There are 0 irrigators on New Hogan, 0 irrigators on New Melones, and 0 irrigators out of District. The water treatment plant is currently processing 44 mgd. The City of Stockton is currently processing 14 mgd. Manager Hopkins reported the District wells total water extraction is 6,886 gpm (~9.9 mgd).

2. Information Items:

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

3. Report on General Manager Activities

- a. Stockton Area Water Suppliers (SAWS) Meeting, 10/14/22

Manager Hopkins attended the October 14, 2022 Stockton Area Water Suppliers (SAWS) Meeting. Manager Hopkins reported the City of Stockton is preparing for another dry winter and may consider advancing their drought response to a stage 3, they are currently at a stage 2; the City of Stockton is also working with residents to support conservation via a call-in line where drought response questions can be answered and water wasting reports can be made. Manager Hopkins reported an update on the City of Stockton's recharge basin project which is moving forward; they conducted an on-ground electromagnetic survey to determine the recharge capacity of the soils and the survey said the soil was good for recharge. Manager Hopkins reported the City of Stockton consultant is beginning to start cone penetration tests which will help them determine the amount of water to recharge. The next scheduled meeting is November 11, 2022.

- b. Stockton East Water District Activities Update

Manager Hopkins reported he received an email that Senate Bill 222 was vetoed by the Governor to reduce indoor water use to 42 gallons per person/per day by 2030 from the current 57 gallons per person/per day. This item was for information only.

Manager Hopkins reported he has a meeting with California Water Service on October 20, 2022 to discuss the LAFCO comments that were submitted. This item was for information only.

Manager Hopkins reported ongoing discussions with DWR's consultant to try to secure temporary flood permits to divert water this winter from both the Calaveras River and Rock Creek/Littlejohn's

Creek. Manager Hopkins reported he has a pending meeting with the General Manager of Central San Joaquin Water Conservation District and a vineyard owner to see if they are also willing to participate in on-farm recharge of flood water. This item was for information only.

Manager Hopkins reported he is trying to set up a meeting with NRCS to discuss the funding they have available and discuss how our projects fit in with their funding requirements. This item was for information only.

G. DIRECTOR REPORTS (None)

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. San Joaquin County Office of Emergency Services – Agricultural Drought Task Force Meeting, 10:00 a.m., 10/19/22
2. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 10/19/22
3. Eastern San Joaquin Groundwater Authority Technical Advisory Committee Meeting, 10:30 a.m., 10/20/22
4. Greater Stockton Chamber of Commerce – 2022 San Joaquin Agricultural Hall Of Fame, 6:30 p.m., 10/20/22
5. Central Valley Project Water Association – Executive & Financial Affairs Committee, 10:00 a.m., 10/21/22

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 Watkins adjourned the meeting to closed session at 1:23 p.m. to discuss closed session agenda items. The regular meeting reconvened at 1:57 p.m., with the no reportable action.

K. ADJOURNMENT

President Watkins adjourned the meeting at 1:58 p.m.

Respectfully submitted,

Justin M. Hopkins
Secretary of the Board

af

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
1 PG&E 1949656419-6	10-5302-0	GROUNDWATER PROD. FUND 68 Gas & Electr 08/03/22-09/13/22-TP-Electric Well#5	4,241.96	19496564196-09/23/22
		GROUNDWATER PROD. FUND 68 TOTAL	\$4,241.96	

PR

THIS PAGE
INTENTIONALLY
LEFT BLANK

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		ADMIN FUND 70		
2 Action Asap Delivery Service	10-5126-0	September 2022 courier services	800.00	91402
3 ACWA/JPIA (Health Benefits)	10-5047-0	Nov 2022 medical, dental, vision, & life insurance-Admin	15,211.34	0693891
4 ACWA/JPIA (Health Benefits)	10-5062-0	Nov 2022 medical, dental, vision, & life insurance-DIR	9,776.68	0693891
5 ACWA/JPIA (Health Benefits)	10-5050-0	Nov 2022 medical, dental, vision, & life insurance-RET Admin	3,025.73	0693891
6 ADT Security Services	10-5141-0	10/18/22-11/17/22 Alarm monitoring services for Admin Bldg	46.96	947679041
7 Aquatic Dreams Scuba Center	10-5101-0	Service for dive regulator	100.80	161562
8 Association of California Water Agencies	10-5103-0	2023 Annual agency dues with ACWA 01/01/2023-12/31/2023	25,720.00	2023 ID 1096
9 AT&T Messaging	10-5141-0	October 2022 Ag call-in voicemail services	14.84	846283704
10 Boutin Jones Inc.	10-5162-0	Legal services 09/01/22-09/20/22	1,095.00	155590/155591
11 California Special Districts Association	10-5105-0	2023 CSDA membership dues (01/01/23-12/31/23)	8,810.00	640-2023/640-2023
12 De Lage Landen Financial Services, Inc.	10-5124-0	10/22/22-11/21/22 SEWD printers (6) lease	1,415.57	77802910/77777073
13 Fishbio	10-5174-0	Sept 2022 Consulting Calaveras O.mykiss abundance	24,585.33	4190
14 Fishbio	10-5174-0	Sept 2022 Compliance monitoring	5,715.01	4196
15 Fishbio	10-5174-0	Sept 2022 Consulting Calaveras HCP	2,970.52	4188

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		ADMIN FUND 70		
16 Fishbio	10-5174-0	Sept 2022 Consulting Calaveras RST monitoring	2,737.50	4192
17 Fishbio	10-5174-0	Sept 2022 Consulting Calaveras Redds	1,575.00	4191
18 Fishbio	10-5174-0	Sept 2022 Consulting Bellota Fish Ladder	1,236.88	4189
19 Frontier Communications	10-5141-0	Linden Tel Directory listing for 10/07/22-11/06/22	14.57	530-1961403-10/07/22
20 Grainger, Inc.	10-5101-0	2022 Safety shoe allowance A.Cahoon	147.59	9456102533
21 Heather Wood	10-5103-0	Tuition reimbursement	2,000.00	10/17/22 Reimb
22 Herum, Crabtree,Suntag	10-5190-0	SEWD v. SWRCB	8,714.14	104448
23 Herum, Crabtree,Suntag	10-5150-0	General Matters	3,266.10	105659
24 Herum, Crabtree,Suntag	10-5165-0	Central SJWCD Reorganization	2,817.75	104572
25 Herum, Crabtree,Suntag	10-5171-0	Calaveras River Fish Flows	1,657.50	104571
26 Herum, Crabtree,Suntag	10-5162-0	OID/SSJID Water Purchase	1,359.15	104570
27 Herum, Crabtree,Suntag	10-5190-0	GSA	663.00	104580
28 Herum, Crabtree,Suntag	10-5150-0	Audit Letter File	298.35	104575
29 Herum, Crabtree,Suntag	10-5150-0	EBMUD Protest	198.90	104579
30 Herum, Crabtree,Suntag	10-5165-0	Stanislaus River Matters	165.75	104568
31 Herum, Crabtree,Suntag	10-5177-0	GSA-CALSPA v.	162.65	104582
32 Herum, Crabtree,Suntag	10-5162-0	v. City of Stockton	132.60	104581
33 Herum, Crabtree,Suntag	10-5150-0	City of Stockton/Delta Diversion	33.15	104573
34 Lucas Business Systems	10-5124-0	Quarterly meter read overages for printers 06/22/22-09/21/22	238.06	IN2974820
35 Platt Electric Supply Inc.	10-5147-0	Conduit & fittings for installation of radio for Duck Creek SCADA	1,155.12	3H16877/3H06158
36 Platt Electric Supply Inc.	10-5147-0	Enclosure for installation of radio at Bellota for SCADA	260.32	3G84676
37 Platt Electric Supply Inc.	10-5147-0	Conduit/fittings/fasteners for installation of radio at Bellota-SCADA	250.57	3G79807/3G80249

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		ADMIN FUND 70		
38 Quill Corporation	10-5125-0	Office supplies ordered on 10/03/22-10/13/22	614.48	28203388/9923/4900/9344
39 Red Wing Shoe Store	10-5101-0	2022 Safety shoe allowance M.Sutton	245.51	20221006014569
40 Rexel USA Inc	10-5147-0	Controller & input module for Copperopolis SCADA	1,519.75	S134570903.003/70903.002
41 Rexel USA Inc	10-5147-0	Input modules for Funck Rd & Birdcage trash rack SCADA	657.82	S134719389.001/8697.001
42 Rexel USA Inc	10-5147-0	Expansion modules end caps for PLCs at spill sites	67.53	S134792609.001
43 San Joaquin County Environmental Health Dept.	10-5114-0	Annual regulatory fees from SJC Environmental Health	3,176.00	IN0370179
44 Standard Insurance Co.	10-5047-0	November 2022 Long term insurance-Admin	461.56	November 2022
45 SunWize Power & Battery, LLC	10-5147-0	Solar panel & pole mount for control cabinets-SCADA Gotelli/Cotta	1,409.84	INV-022065
46 TPX Communications	10-5141-0	Oct 2022 telephone charges for SEWD	2,772.67	162501506-0
47 Verve Networks	10-5140-0	Managed IT service monthly billing for October & November 2022	10,329.20	24787/24985
48 Wagner & Bonsignore	10-5176-0	Sept 2022 Professional services for New Hogan Water Right	236.25	10-22-334
49 Wille Electric Supply Co, Inc.	10-5146-0	Conduit, fittings, & clamps for Low Lift pump station SCADA prj 2322	762.28	S2109078.001
50 Wille Electric Supply Co, Inc.	10-5146-0	Breaker for control cabinet on Traveling Bridge prj 2323	107.81	S2100532.001
51 XRoads Networks, Inc	10-5141-0	StarLink SD-WAN by ZeroOutages ISP Oct 2022	345.00	Z017045
		ADMIN FUND 70 TOTAL	\$151,078.13	

P.R.

THIS PAGE
INTENTIONALLY
LEFT BLANK

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		WATER SUPPLY FUND 71		
52 ACWA/JPIA (Health Benefits)	10-5047-0	Nov 2022 medical, dental, vision, & life insurance-NM	21,244.81	0693891
53 ACWA/JPIA (Health Benefits)	10-5050-0	Nov 2022 medical, dental, vision, & life insurance-RET WS	5,729.03	0693891
54 ACWA/JPIA (Health Benefits)	10-5056-0	Nov 2022 medical, dental, vision, & life insurance-NH	9,693.76	0693891
55 Badger Meter, Inc.	10-5202-0	Cellular service for Orion cellular endpoints month Sep 2022	114.81	80109072
56 CA Dept. of Fish & Wildlife	10-5203-0	Tully Dam replacement application	4,826.50	App 34165
57 Cal-Sierra Pipe, Inc.	10-5213-0	Pipe to repair leak at Lombardi crossing	3,509.95	110000021045-001
58 Cal-Sierra Pipe, Inc.	10-5215-0	Pipe & fittings for Upper Farmington canal slide repair	1,842.29	110000020947-001
59 Cal-Sierra Pipe, Inc.	10-5213-0	Gasket material for Lower Farmington canal maintenance	129.30	110000021115/2079-001
60 Central Valley Rentals/Bobcat Central Inc	10-5213-0	Premixed concrete & rental of mixer for installation of Rubicon	195.77	R39305
61 Clutch and Brake Xchange, Inc.	10-5202-0	Clamps for repairs to the fish screen	11.16	863579
62 Fastenal Company	10-5213-0	Anchors, drill bits for installation of Rubicon slip meter at Duck Creek	43.78	CASTC158450
63 Geiger Manufacturing, Inc.	10-5213-0	Labor & material for Caffese gate on Peter's Pipeline	2,398.00	94766
64 HDS White Cap Construction Supply	10-5215-0	Mirafi & fasteners for slide repair-Upper Farmington Canal	679.76	50019704032
65 HDS White Cap Construction Supply	10-5213-0	Cutting/drilling supplies,wire brush-install. of meter at Duck Creek	201.71	10016768876
66 HDS White Cap Construction Supply	10-5213-0	Sandbags for installation of new meter at Duck Creek	189.92	10016765083
67 McCrometer, Inc.	10-5203-0	Meters for meter replacements prj 2316	17,088.57	585766
68 PG&E 0530302291-6	10-5213-0	Electricity 08/31/22-09/29/22 Birdcage trash rack	50.81	05303022916-09/30/22
69 PG&E 233223109-3	10-5213-0	Electricity 09/13/22-10/11/22 Sonora Rd-NMCF	49.27	2332231093-10/12/22

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		WATER SUPPLY FUND 71		
70 PG&E 5598232323-4	10-5213-0	Electricity 09/09/22-10/09/22 E Funck Rd Gates	10.59	55982323234-10/10/22
71 PG&E 6377610771-4	10-5213-0	Electricity 09/09/22-10/09/22 Copperopolis Rd trash rack	103.95	63776107714-10/10/22
72 PG&E 6722855250-0	10-5202-0	Electricity 08/25/22-09/25/22 Mosher Slough Headworks	19.34	67228552500-09/25/22
73 PG&E 8683314685-4	10-5213-0	Electricity 09/13/22-10/11/22 Duck Creek trash rack	213.17	86833146854-10/12/22
74 San Joaquin County Dept. of Public Works	10-5213-0	Waste disposal for Upper & Lower Farmington Canal clean up	1,169.12	922000445
75 San Joaquin County Dept. of Public Works	10-5202-0	Waste disposal for clean up around Bellota Weir	296.44	922000445
76 San Joaquin County Dept. of Public Works	10-5202-0	Waste disposal for clean up around 8 Mile Dam	25.83	922000445
77 Standard Insurance Co.	10-5047-0	November 2022 Long term insurance-NM	228.50	November 2022
78 Standard Insurance Co.	10-5056-0	November 2022 Long term insurance-NH	139.04	November 2022
79 Unifirst Corporation	10-5213-0	Weekly laundry service 10/06/22 & 10/13/22	172.95	370 1429478/370 1427861
80 Wille Electric Supply Co, Inc.	10-5202-0	Time delay fuses for Potter Creek pump station	615.22	S2093087.001
		WATER SUPPLY FUND 71 TOTAL	\$70,993.35	

p.R.

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		FISH SCREEN IMPROVEMENT FUND 89		
81 Fishbio	10-5180-0	Professional services for Bellota project Sept 2022	3,765.00	4195
		FISH SCREEN IMPROVEMENT FUND TOTAL 89	\$3,765.00	

RP.

THIS PAGE
INTENTIONALLY
LEFT BLANK

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		VEHICLE FUND 91		
82 American Valley Waste Oil, Inc	10-5182-0	Oil & oily water waste pick up and disposal	185.75	201226/201227
		VEHICLE FUND 91 TOTAL	\$185.75	

P.P.

THIS PAGE
INTENTIONALLY
LEFT BLANK

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		MUNICIPAL & INDUSTRIAL FUND 94		
83 ACWA/JPIA (Health Benefits)	10-5047-0	Nov 2022 medical, dental, vision, & life insurance-M&I	57,223.25	0693891
84 ACWA/JPIA (Health Benefits)	10-5050-0	Nov 2022 medical, dental, vision, & life insurance-RET M&I	6,489.23	0693891
85 Central Valley Rentals/Bobcat Central Inc	10-5321-0	Premixed concrete & rental of mixer for installation of wind sock	187.69	R39278
86 Chemtrac, Inc.	10-5322-0	Parts to service Chemtrac current flow monitor	272.00	31943
87 Cornfort Air, Inc.	10-5321-0	Labor to clean & repair leak on 6 ton HVAC on HSPS	393.00	98958
88 Contract Coatings Corp.	10-5326-0	Spackle/tape for maint. office & safety pillers around TP	41.59	00054257/00054344
89 Contract Coatings Corp.	10-5321-0	Paint & supplies for maintenance office & safety pillers around TP	115.16	00054257/00054289
90 FGL Environmental	10-5308-0	Inorganic analysis-Wet chemistry-Alk. (CaCO3)	104.00	253962A
91 FGL Environmental	10-5308-0	Coliform bacti monitoring sampled on 09/11/22	89.00	252932A
92 FGL Environmental	10-5308-0	Inorganic analysis-Metals, Total-Fe	46.00	253442A
93 Fresno Oxygen	10-5344-0	Welding/cutting tank refills (oxygen & acetylene)	88.87	63056269
94 Fresno Oxygen	10-5344-0	Rental of gas tanks for welding	20.19	91593079
95 Golden State Irrigation Services	10-5324-0	Pipe fittings for Treatment Plant irrigation system	24.92	0031190-IN
96 Grainger, Inc.	10-5344-0	Treatment plant consumables on 09/27/22 & 09/30/22	39.04	9463259037/9459498656

**STOCKTON EAST WATER DISTRICT
INVOICES FOR BOARD PACKAGE
OCTOBER 25, 2022**

Vendor name	Account #	Description	Amount	Invoice No.
		MUNICIPAL & INDUSTRIAL FUND 94		
97 Granite Construction Company	10-5324-0	Rock for Treatment Plant roads maintenance	1,060.56	2325279
98 HDS White Cap Construction Supply	10-5344-0	Yellow marking paint	39.62	10016821502
99 Horizon	10-5324-0	Saw blades for pruning saw	147.94	2B195147
100 Horizon	10-5324-0	Wheelbarrow & Turfgr for Treatment Plant grounds maintenance	489.05	2B195265/2B195266
101 J. Milano Company, Inc.	10-5344-0	Treatment plant consumables on 09/22/22 & 09/28/22	99.73	551839/553112
102 J. Milano Company, Inc.	10-5344-0	Utility torch kit	58.32	552599
103 PG&E 0908023195-5	10-5302-0	Electricity 08/22/22-09/20/22 WTP East Side Feeder	24,693.10	09080231955-09/26/22
104 PG&E 2544904013-5	10-5302-0	Electricity 08/22/22-09/20/22 TP HS @6749 E Main	175,302.67	25449040135-09/26/22
105 PG&E 3795916542-6	10-5302-0	Electricity 09/10/22-10/10/22 6767 E Main-North Raw Water	576.76	37959165426-10/11/22
106 PG&E 7493068226-0	10-5302-0	Electricity 09/16/22-10/14/22 Outdoor Light-TP	11.87	74930682260-10/14/22
107 Standard Insurance Co.	10-5047-0	November 2022 Long term insurance-M&I	1,324.72	November 2022
108 Stockton Pipe & Supply	10-5329-0	Pipe & caps-Sludge Vault piping on Solids Handling prj 2309	797.83	377619
109 Stockton Pipe & Supply	10-5323-0	Flanges, gaskets for Sludge Vault piping for Solids Handling prj 2309	397.15	377302
110 Stockton Scavengers	10-5324-0	20 yard bin and dump fees for period 09/01/22-09/30/22	1,476.28	0059529-0051-1
111 Stockton Scavengers	10-5304-0	Oct 2022 garbage service @6767 East Main St	538.36	0059758-0051-6
112 Stockton Windustrial Co.	10-5321-0	Pipe fittings & gaskets for repair to Tank 2	611.11	352122 01
113 Stockton Windustrial Co.	10-5321-0	Pipe fittings to mount pole on OPS roof for Starlink dish	62.84	352023 01
114 Sunbelt Rentals, Inc	10-5328-0	Rental of Ditchwitch-relocating Admin water line by low lift	1,687.55	130550242-0001
115 Thatcher Company of CA	10-5301-0	Chlorine delivered on 10/04/22	7,200.00	2022250106688
116 Thatcher Company of CA	10-5301-0	Acidified alum delivered on 09/22/22-10/06/22	15,683.93	2022250106767/6768/6651
117 UniFirst Corporation	10-5342-0	Weekly laundry service 10/06/22 & 10/13/22	492.23	370 1429478/370 1427861
118 Univar USA Inc.	10-5301-0	Caustic soda delivered on 09/30/22 & 10/03/22	9,862.87	50615215/50608715
119 Valley Landscaping & Maintenance Inc	10-5324-0	WTP landscaping services for September 2022	2,450.00	82600
120 Valley Springs Feed & Pet Supply	10-5321-0	WTP security supplies ordered on 10/13/22	94.35	0132
121 Wille Electric Supply Co, Inc.	10-5344-0	Conduit hangers and clamps	75.14	S2108177.001
		MUNICIPAL & INDUSTRIAL FUND 94 TOTAL	\$310,367.92	

P.R.

**STOCKTON EAST WATER DISTRICT
INVOICES AND PAYROLL FOR BOARD PACKAGE
OCTOBER 25, 2022**

Fund Number	Fund Summary	AP Amount	Payroll Amount
Fund 68	Groundwater Prod. Fund	4,241.96	
Fund 70	Administration Fund	151,078.13	82,071.77
Fund 71	Water Supply Fund	70,993.35	58,657.70
Fund 89	Fish Screen Improvement Fund	3,765.00	
Fund 91	Vehicle Fund	185.75	
Fund 94	Municipal & Industrial Fund	310,367.92	241,741.69
	TOTAL FUND SUMMARY	\$540,632.11	\$382,471.16

P.R.

THIS PAGE
INTENTIONALLY
LEFT BLANK

STOCKTON EAST WATER DISTRICT
PAYROLL EXPENSES OCTOBER 25, 2022

Vendor name	Description	Amount
	ADMIN FUND 70	
1 SEWD Fund 01-General Fund	Payroll Date - 08/05/22	41,401.53
	Payroll Date - 08/19/22	40,670.24
	ADMIN FUND 70 PAYROLL TOTAL	\$ 82,071.77
	WATER SUPPLY FUND 71	
2 SEWD Fund 01-General Fund	Payroll Date - 08/05/22	29,297.51
	Payroll Date - 08/19/22	29,360.19
	WATER SUPPLY FUND 71 PAYROLL TOTAL	\$ 58,657.70
	MUNICIPAL & INDUSTRIAL FUND 94	
3 SEWD Fund 01-General Fund	Payroll Date - 08/05/22	119,169.26
	Payroll Date - 08/19/22	122,572.43
	MUNICIPAL & INDUSTRIAL FUND 94 PAYROLL TOTAL	\$ 241,741.69
	TOTAL FOR RBM 10/25/22	\$ 382,471.16

P.R.

THIS PAGE
INTENTIONALLY
LEFT BLANK

Short Names/Acronym List

ACH	Aluminum Chlorohydrate
ACWA	Association of California Water Agencies
Admin	Administration
Ads	Advertisement
AF	Acre Feet
AG	Agriculture
AR	Accounts Receivable
AWP	Alternative Work Program
CEQA	California Environmental Quality Act
Chgs	Charges
CM	Construction Management
COP	Certificate of Participation
CSDA	California Special District Authority
CSJWCD	Central San Joaquin Water Conservation District
CVPWA	Central Valley Project Water Association
CWS	California Water Services Company
DB	Distribution Box
DBCP	Dibromochloropropane
DDTS	Direct Distance Telephone Service
DL	Direct Line
EDB	Ethylene Dibromide
Educ	Education
ESA	Endangered Species Act
FCC	Federal Communications Commission
FCCU	Financial Center Credit Union
FOIA	Freedom of Information Act
FWPS	Finished Water Pump Station
GM	General Manager
HCP	Habitat Conservation Plan
HP	Hewlett Packard
HVAC	Heating, Ventilating Airconditioning
LD	Long Distance
LFC	Lower Farmington Canal
LT2	Long Term 2 -Enhanced Surface Water Treatment Rule
M&O	Maintenance & Operations
MCC	Master Control Center
MIB	Methylisoborneol
Misc.	Miscellaneous
mtg	Meeting
NH-	New Hogan
NM	New Melones
NH3-N	Ammonia
NMCF	New Melones Conveyance Facility
NWRP	New Water Reservoir Project
OBA	Oxygen Breathing Apparatus
PACL	Poly Aluminum Chloride
PM	Preventive Maintenance
Prof	Professional
PSM	Process Safety Management
PVC	Polyvinyl Chloride
RMP	Risk Management Plan
SCADA	Supervisory Control And Data Acquisition
SCBA	Self Contained Breathing Apparatus
SEWD	Stockton East Water District
SWRCB	State Water Resources Control Board
St	Street
T5	Water Treatment Operator Certificate Grade 5
Tel	Telephone
THM	Trihalomethane
TO	Task Order
TP	Treatment Plant
UFC	Upper Farmington Canal
UPS	Uninterrupted Power Supply
VAMP	Vernalis Adaptive Management Plan
VFD	Variable Frequency Drive
WMP	Water Management Plan
WQMS	Water Quality Monitoring System
WS	Water Supply
WSEP	Water Supply Enhancement Project
WTP	Water Treatment Plant

THIS PAGE
INTENTIONALLY
LEFT BLANK

Vehicles	
Unit 36 2004 Chevy Pickup 2500hd Silverado	Pickup Truck
Unit 37-2004 Jeep Grand Cherokee Laredo	Automobile
Unit 47 2008 Chevy Pickup Silverado 2500 4x4	Pickup Truck
Unit 49 2009 Ford Edge AWD - Ltd	Automobile
Unit 55 2010 Ford F150 Pickup	Pickup Truck
Unit 57 2011 Ford F150 Pickup Long Bed	Pickup Truck
Unit 64 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 65 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 66 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 67 2015 Ford F250 S-Duty 4wd	Pickup Truck
Unit 69 2015 Ford F150 4x4 Supercrew Pickup	Pickup Truck
Unit 74 2019 Ford F250 S-Duty 4wd	Pickup Truck
Unit 75 2019 Ford F250 S-Duty 4wd	Pickup Truck
Unit 76 2020 Ford Escape	Automobile
Light equipment	
Genie GS 1930 Scissor Lift	Lift
Unit 70 2016 Cat Forklift	Forklift
Unit 58 2014 Polaris Ranger EV- Maintenance	Utility Vehicle
Unit 59 2014 Polaris Ranger EV- Maintenance	Utility Vehicle
Unit 60 2014 Polaris Ranger EV- Operations	Utility Vehicle
Unit 61 2014 Polaris Ranger EV- Water Supply	Utility Vehicle
Unit 62 2014 Polaris Ranger EV- Water Supply	Utility Vehicle
Unit 63 2014 Polaris Ranger EV- Operations	Utility Vehicle
Heavy equipment	
Mower-walker	Tractor
Unit 16 2003 Ford 450 -- diesel	Heavy Truck
Unit 26 1990 International Dump Truck	Heavy Truck
Unit 29 Caterpillar Backhoe	Heavy Equip.
Unit 31 1998 Freightliner Boom Truck 15 ton	Heavy Truck
Unit 38 John Deere 6420 Tractor	Tractor
Unit 41 Case Tractor 570mxt Turbo	Tractor
Unit 45 2008 Ford F650 Flatbed Truck (diesel)	Heavy Truck
Unit 48 2008 Chevy Kodiak C4500 (diesel)	Heavy Truck
Unit 52 Kubota Tractor	Tractor
Unit 53 2011 Kenworth T300 Dump Truck (dsl)	Heavy Truck
Unit 56 2010 Ford F450 Truck	Heavy Truck
Unit 73 2018 Caterpillar Backhoe	Heavy Equip.
Unit 77 2022 CAT Long Reach Excavator	Heavy Equip.
Accessories	
Dive Boat	Accessory
Boat Trailer	Trailer
Allis-Chalmers Disc	Accessory
Pak Flail Mower (orange)	Accessory
Alamo Articulate Mower Attachment	Accessory
Landpride RCR2596 Rotary Mower	Accessory
Unit 30 Big Tex Equipment Trailer /25,900gwwr	Trailer
Unit 34 2000 Cartaway Tank Trailer /6000gww	Trailer
Unit 43 2007 Wells Cargo Trailer Model TW122	Trailer
Unit 44 1996 Genie Lift TZ-34/20 Knuckleboom	Trailer
Unit 50 6 Diesel Pump	Trailer
Unit 51 12 Diesel Pump	Trailer
Unit 68 2015 Welding Trailer	Trailer
Unit 71 2017 Utility Landscaping Trailer	Trailer
Unit 72 2002 Utility Trailer	Trailer
Unit 73 2002 Utility Trailer	Trailer
Unit 78 Utility Trailer	Trailer

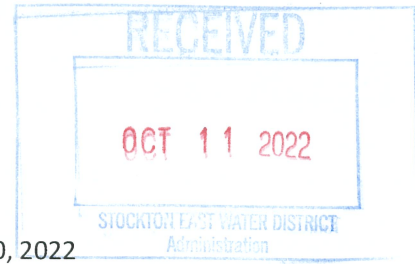
THIS PAGE
INTENTIONALLY
LEFT BLANK



MEMORANDUM

Via U.S. Mail and Electronic Mail

TO: ACWA Member Agency Board Presidents and General Managers
CC: ACWA Board of Director
FROM: Dave Eggerton, ACWA Executive Director
DATE: October 5, 2022
SUBJECT: Notice of General Session Membership Meeting — November 30, 2022



There will be a General Session Membership Meeting at the ACWA 2022 Fall Conference on **Wednesday, November 30, 2022, at 12:30 p.m.** The meeting will be held in the Crystal Ballroom, Renaissance Esmeralda Resort Hotel, Indian Wells. The purpose of the meeting is to conduct a vote by the membership on proposed Amended and Restated Bylaws of the Association of California Water Agencies as recommended by the Board of Directors at its meeting on September 23, 2022.

Proposed Amended and Restated Bylaws

As part of ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations and to implement changes related to the election of ACWA's Board Officers, the Board of Directors is recommending proposed Amended and Restated Bylaws for consideration by the membership.

Staff worked with Dale Stern, Downey Brand LLP, to prepare the proposed Amended and Restated Bylaws, which include the following changes:

- Amendments to clarify language and to reflect consistency with other governance documents and daily operations
- Amendments to implement changes to the Board Officers' election process as recommended by the Election Task Force
- Amendments to incorporate California Corporations Code provisions allowing meetings to be held by electronic communication
- Restructuring and reformatting to incorporate a new numbering system

Legal Affairs Committee (LAC) Chair, Jennifer Buckman, appointed LAC member, Doug Coty, to serve as the committee's representative to review the proposed Amended and Restated Bylaws and provide an analysis pursuant to ACWA Bylaws (Article 9, Section 8). The proposed Amended and Restated Bylaws reflect the LAC's recommended edits as adopted by the ACWA Board on September 23.



Redline and clean versions of the proposed Amended and Restated Bylaws are available on ACWA’s website at the link listed below. The materials have also been emailed to member agency general managers and board presidents.

<https://www.acwa.com/2022-membership-meeting/>

Voting Process

Consistent with ACWA’s Bylaws, Article 9, Section 5:

- Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative.
- Voters must be present at the membership meeting to vote.

ACWA will be using a voting system called Live-Tally, which will allow voters to vote using a handheld keypad.

- Member agencies must indicate their voting representative and alternate on the attached Voter Designation & Information Form as well as provide all of the information identified on the form in order for ACWA to facilitate all aspects of the membership meeting and voting processes.

Deadline & Changes

The deadline for submitting the Voter Designation & Information Form is **Wednesday, November 23, 2022**. While this form identifies both a voting delegate and an alternate voting delegate for the ACWA member agency, if for any reason the member agency desires for the alternate voting delegate to vote at the membership meeting in place of its designated voting delegate, the member agency must notify ACWA in advance of its exchange of voting delegates by contacting the Senior Clerk of the Board Donna Pangborn at donnap@acwa.com or 916-669-2425 **no later than 5:00 p.m. on Tuesday, November 29, 2022**.

ACWA General Session Desk

ACWA staff will be available at the **ACWA General Session Desk**, located in the Crystal Ballroom Foyer, Renaissance Esmeralda Resort Hotel, on **Wednesday, November 30**, between **9:00 a.m. and 11:45 a.m.** to answer questions about the membership meeting and voting process.

Voters need to check in at the ACWA General Session Desk on Wednesday, November 30, between 10:00 and 11:45 a.m. to pick up handheld keypads.

If you have any questions regarding the proposed Amended Bylaws and Restated or voting process, please contact Senior Clerk of the Board Donna Pangborn at 916-669-2425 or donnap@acwa.com.

dgp

Attachments:

1. Voter Designation & Information Form
2. Proposed Amended and Restated Bylaws (redline version) – see website link above
3. Proposed Amended and Restated Bylaws (clean version) – see website link above

To: Donna Pangborn, Senior Clerk of the Board

Email: donnap@acwa.com

Fax: 916-669-2425

The person designated below will be attending the ACWA General Session Membership Meeting(s) on Wednesday, November 30, 2022 (and December 1, 2022 if necessary) as our voting delegate. Please designate an alternate voting delegate to facilitate any change to your voting representation at the meeting. To change your alternate, however, you must notify Donna Pangborn of the change no later than 5:00 p.m. on Tuesday, November 29, 2022.

Member Agency's Name _____ Agency's Phone No. _____

Print Member Agency's Authorized Signatory Name _____ Authorized Signatory Signature _____

Voting delegate must be present at the membership meeting to vote.

Voting Delegate's Name	Voting Delegate's Email	Voting Delegate's Phone No.
Alternate Voting Delegate's Name	Alternate Voting Delegate's Email	Alternate Voting Delegate's Phone No.
Voting Delegate's Affiliation <i>(if different from assigning agency)*</i>		Date

*If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above.



As recommended by the Board of Directors at its meeting on 9/23/2022.

AMENDED AND RESTATED
BYLAWS of the Association of
California Water Agencies

PROPOSED

TABLE OF CONTENTS

ARTICLE 1 – General..... 1

ARTICLE 2 – Membership and Dues..... 2

ARTICLE 3 – Officers..... 3

ARTICLE 4 – Board of Directors..... 4

ARTICLE 5 – Regions..... 7

ARTICLE 6 – Executive Committee..... 9

ARTICLE 7 – Standing Committees..... 10

ARTICLE 8 – Special Councils, Committees, and Task Forces..... 13

ARTICLE 9 – Meetings of Members..... 14

ARTICLE 10 – Indemnification of Directors, Officers, and Other Agents..... 18

ARTICLE 11 – Miscellaneous 18

(As amended and restated by the Members on November 29, 2017, 2022)

ARTICLE 1~~Article 1~~ - General

Section 1.01. ¹**Name.** The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 1.02. Principal Office. The principal office for the transaction of business of the Association ~~is shall be~~ located at 910 K Street, Suite 100, in Sacramento, California; provided, however, that the Board of Directors may change the location of the principal office by resolution and without amendment of these bylaws.

Section 1.03. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

¹ Section numbers have been reformatted to incorporate a new numbering system throughout this document.

ARTICLE 2 ~~Article 2~~ – Membership and Dues

Section 2.01. Membership.

- (a) **Members.** Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in ~~subsection Section 2.01(b)~~ below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association. A member of the Association shall be in good standing if in compliance with all bylaws and requirements of membership, including timely payment of annual dues and emergency assessments.
- (b) **Honorary Life Members.** Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.
- (c) **Termination of Members.** Membership shall cease upon the failure of any member to pay the dues provided for in Section 2.02 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2.02. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 2.03. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member;

and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3 ~~Article 3~~ - Officers

Section 3.01. President and Vice President.

- (a) **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association ~~at its fall conference~~ by written ballot in each odd-numbered year before the Association's annual meeting, shall be announced at the Association's annual meeting, shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.
- (b) **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting *ex officio* member of each committee, but shall not be an *ex officio* member of the ~~Nominating~~ Election Committee or the region boards.
- The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.
- (c) **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president.

Section 3.02. Executive Director/Secretary and Controller/Treasurer.

- (a) **General.** The executive director/secretary and controller/treasurer of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.
- (b) **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.
- (c) **Controller/Treasurer.** The controller/treasurer shall report to and act under the direction of the executive director/secretary. The controller/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

ARTICLE 4 – Board of Directors

Section 4.01. Membership. The Board of Directors shall consist of:

- (a) The Association president and vice president.
- (b) The chair and vice chair of each region.
- (c) The chair of each standing committee.
- (d) The most immediate active past president.
- (e) The vice president of the ACWA/Joint Powers Insurance Authority.

Section 4.02. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors.

Except as provided in Article 4, Section 11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 4.03. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4.04. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 4.05. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 4.06. ~~Meeting Requirements and Quorums.~~ Meetings by Electronic Communication. Any ~~meeting, regular~~ of the Board of Directors, region boards, or special, ~~any committee may be held conducted, in person whole or in part, by telephone conference, web video conference, or other, electronic transmission, or by electronic video screen communication. A member of the Board of Directors, a region board, or electronic transmission, any committee shall be deemed present in person at the meeting if the following apply:~~

- (a) Each director, region board, or committee member participating in the meeting can communicate concurrently with all other directors, region board, or committee members.
- (b) Each director, region board or, committee member is provided the means of participating in all matters before the board, region board, or committee, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.

Section 4.07. Quorum. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters or enforcement of violations of the code of conduct.

Section 4.08. Alternates. Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the standing committee chair is unable to attend. An alternate may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

Section 4.09. Vacancies for Standing Committee Chairs and Vice Chairs. Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 4.10. Duties, Authorities, and Delegation. Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of employment, and annual evaluations as prepared by the Executive Committee; (4) annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

Section 4.11. Immediate Past President. The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

Section 4.12. Code of Conduct of Board Members.

- (a) **Code of Conduct: Purpose and Adoption.** The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the

Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. The code shall be consistent with the procedural processes contained in this section. The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.

- (b) Violations and Enforcement Process.** A violation of the code of conduct may result in removal, public censure, or private reprimand of a Director, or such other action as contained in the code of conduct. However, removal and public censure shall be reserved only for serious violations. A Director may not be removed or publically censured absent an affirmative vote of two-thirds of the voting members of the Board of Directors. A Director may be privately reprimanded for a violation of the code of conduct upon the majority vote of the quorum. Complaints of violation of the code of conduct may be filed with the president, or the vice-president if the allegations are made against the president. The president may refer a complaint of violation to the executive director/secretary for investigation. The executive director/secretary may retain a special investigator or special counsel to conduct or assist the investigation. A Director accused of a violation shall be provided a copy of the complaint. A Director that takes any hostile or retaliatory action, directly or indirectly, against a complainant is subject to removal from the Board in conformance with the process identified above. Prior to scheduling a Board action on a complaint, the president shall consult with the Executive Committee and the chair of the Legal Affairs Committee. A Director accused of a violation of the code of conduct shall be provided at least 15 days' written notice of any meeting of the Board at which a determination of enforcement will be considered. A determination of enforcement may be made only at a regular meeting of the Board and shall be made in closed session. The determinations of the Board under this section shall not be admissible in any criminal or civil proceeding brought against the Director for conduct that violates any other law.

ARTICLE 5 ~~Article 5~~ – Regions

Section 5.01. Boundaries of Each Region.

- (a)** There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.
- (b)** A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in

Section 5.01(a) above, as well as others deemed by the Board of Directors to be relevant to the decision.

Section 5.02. Officers.

- (a) The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region ~~by September 30, or the preceding Friday if September 30 falls on a weekend, of~~ in each odd-numbered ~~years~~year. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. ACWA staff shall verify the legitimacy of the ballots.
- (b) The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the ACWA Board of Directors.
- (c) Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term. The region board may adopt more stringent criteria for board member qualifications as part of the region's rules and regulations.
- (d) Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of any region board position shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 5.03. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year. ~~The nominating committee shall announce its nominations for chair, vice chair, and region board members by August 1 of an election year. All regions must complete the election process by September 30 of the election year, or the preceding Friday if the September 30 falls on a weekend.~~

Section 5.04. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06.

Section 5.05. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 5.06. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6 ~~Article 6~~ – Executive Committee

Section 6.01. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 6.02. Powers. The Executive Committee shall have the following authority:

- (a) **Personnel.** Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review and approve the classification and compensation plan and publicly posted salary schedule for Association employees submitted by the executive director/secretary, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

- (b) **Delegation.** The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.
- (c) **Authority to Act Between Meetings.** The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.

Section 6.03. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 6.04. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06. All members of the Board of Directors may attend any meeting of the Executive Committee. Meetings of the Executive Committee may be closed to others at the discretion of the president or committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.

Section 6.05. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7 ~~Article 7~~ – Standing Committees

Section 7.01. Qualification. In order to serve on any ACWA standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other

representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 7.02. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs and vice chairs shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 7.03. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. Any meetings of standing committees may be conducted, in whole or in part, by electronic transmission or by electronic video screen communication, as set forth in Section 4.06. Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 7.04. Committee Composition. Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committees subject to the rules and procedures of each committee. If the chair is absent, the vice chair shall fill the role of the chair during such absence.

Section 7.05. Agriculture Committee. There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.

Section 7.06. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to member agencies. The committee shall consist of at least one member from each region and may include members from any of the other standing committees.

Section 7.07. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound

public information and education programs and practices among member agencies. The committee shall consist of no more than 40 members. The committee shall consist of at least one member from each region.

Section 7.08. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.

Section 7.09. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting member agencies, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for member agencies; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one, but no more than five members from each region.

Section 7.10. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, either the chair or vice chair from each of the Association's 10 region boards, and one additional member from each region with experience in financial matters.

Section 7.11. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.

Section 7.12. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to member agencies, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the member agencies and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between 34 and 44 attorneys, each of whom shall be a member of the California Bar and shall be, or act as, counsel for a member agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. The committee shall consist of at least one member from each region.

Section 7.13. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one, but no more than three members from each region.

Section 7.14. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

Section 7.15. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting member agencies and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for member agencies; and assist in the establishment of the Association's legislative program. The committee shall consist of members representing a variety of types of member agencies and at least one, but no more than four members from each region.

Section 7.16. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one, but no more than four members from each region.

Section 7.17. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested member agencies to join together to develop and coordinate with other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one member from each region.

ARTICLE 8 ~~Article 8~~ – Special Councils, Committees, and Task Forces

Section 8.01. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board meetings.

Section 8.02. ~~Nominating-Election~~ Committee. There shall be a ~~Nominating-an Election~~ Committee consisting of ~~five or more persons appointed by the president prior to the Association's fall conference~~ eleven representatives established by February 28 of ~~in~~ each odd-numbered year, whose

purpose shall be to ~~nominate~~present qualified individuals for the offices of president and vice president of the Association. ~~The Nominating Election Committee shall publish its nominations for the offices of~~vet all candidates to determine if the eligibility criteria have been met. The Election Committee will endorse a preferred candidate for president and vice president of the Association not less than 10 or more than 90 days ~~before~~ the membership meeting is held at fall conference. ~~Additional nominations may be made by any member of the Association presenting an open ballot with all qualifying candidates to the members for candidates for the office of president a vote in the manner set forth in Section 9.10 and vice president.~~ Additional nominations Section 9.11.

(a) Selection. ~~The Election Committee shall be made~~ selected in the following manner:

(1) Each of the 10 currently seated Region Boards in the odd-numbered year shall appoint a representative from the floor their respective regions to serve on the Election Committee.

(2) One representative appointed by the president in the odd-numbered year shall also serve on the Election Committee. Neither the president nor the vice president qualifies to be appointed to this position.

(b) Qualification. In order to serve on the Election Committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the election of president and vice president at the membership meeting scheduled for said purposes cycle, the individual may not continue to serve. When the disqualified member represented a Region Board, the affected Region Board shall select a replacement representative. When the disqualified member represented the President, the President shall select an alternate representative.

Section 8.03. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9 ~~Article 9~~ – Meetings of Members

Section 9.01. Meetings. Meetings of the members of the Association shall be held at the Association's conferences ~~at such times as may be determined by~~ to provide a report to the Board of Directors to

~~conduct necessary business and to elect members on the Association's activities during the past year, provide an overview of the Association's finances, announce the newly elected president and vice president, which occurs at of the fall conference Association in each odd-numbered year, and to transact such other proper business as may come before the meeting.~~

Section 9.02. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request.

Section 9.03. Meetings by Remote Communication. Any meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the Association or by electronic video screen communication. The member shall be deemed present in person at the meeting if the following apply:

- (a) The Association implements reasonable measures to provide the member a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings.
- (b) If any member votes or takes other action at the meeting by means of electronic transmission to the Association or electronic video screen communication, a record of that vote or action is maintained by the Association.
- (c) The Association verifies that each person participating remotely is an authorized representative of a voting member.

~~Section 9.03.~~ **Section 9.04. Notice Requirements for Membership Meetings.** Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. ~~The notice of any meeting at which Board officers are to be formally nominated and elected shall include the names of the recommended slate of candidates for the offices of president and vice president in addition to the election procedures.~~ The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if

notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

~~Section 9.04.~~ **Section 9.05. Notice Requirements for Special Meetings.** The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

~~Section 9.05.~~ **Section 9.06. Voting.** Each member of the Association in good standing at the time of the annual or special meeting shall be entitled to one vote that shall be cast by its authorized representative. Each member must designate its authorized representative prior to the annual or special meeting. It is the member's responsibility to designate or update its authorized representative as needed. The Association may confirm with any member the identify of that member's authorized representative for the purpose of casting ballots in any election of president and vice president. All questions, except amendments or revisions of these bylaws, shall be determined by a majority of the members present and voting. A roll call may be requested by any authorized representative.

~~Section 9.06.~~ **Section 9.07. Amendment of Bylaws.** These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

~~Section 9.07.~~ **Section 9.08. Quorums.** The presence of the authorized representative of 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business. Written ballots timely received from the authorized representative of 50 members shall constitute a quorum for elections of president and vice president.

~~Section 9.08.~~ **Section 9.09. Amendments, Revisions, and Resolutions.** Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section ~~39.04.~~ The 90-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections ~~59.06 and 6 of this Article~~ 9.06 and 9.07.

~~Section 9.09~~ Section 9.10. **Nomination of President and Vice President.**

- (a) Qualification. At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.
- (b) Nominating Committee Process Resolutions. All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.

~~Section 9.09 (a) Nominations from the Floor.~~ Additional nominations may be made by any member of the Association for the office of president and vice president. Said nominations and seconds shall be made from the floor during the election of the offices of president and vice president at the membership meeting scheduled for said purposes (as provided for in the penultimate sentence of Article 8, Section 2). Such nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.

Section 9.11. Election of President and Vice President. Each member of the Association in good standing at the time a vote is cast is entitled to one vote for election of the president and vice president that shall be cast by its authorized representative by written ballot. The ballot and any related material may be sent by first class, registered, or certified mail or electronic transmission by the Corporation that meets the requirements of Corporations Code section 20, and responses may be returned to the Corporation by mail or electronic transmission. On any written ballot for the election of president or vice president, an authorized representative acting on behalf of the member may write in a qualified candidate for election.

Section 9.12. Write-In Candidates. If a write-in candidate prevails in any election for president or vice president, such individual shall not be officially elected into such position until the Election Committee confirms that the individual meets the eligibility criteria and qualifications requirements.

Section 9.13. Run-off Election for President and Vice President. In the event a nominee does not receive a majority of the votes for president or vice president, a run-off election shall be held for the office or offices for which a majority of the votes have not been received. The run-off election shall only involve the nominees who received the two highest amounts of votes. The run-off election shall be conducted in the same manner as the initial election.

~~Section 9.10~~ Section 9.14. **Additional Procedures for Election of Officers, President and Vice President.** The Board shall have the authority to ~~develop additional procedures~~ adopt policies for elections

("Election Policy") of president and vice president setting forth the details for the election of such positions when not otherwise contrary to or covered by these bylaws.

ARTICLE 10 ~~Article 10~~ – Indemnification of Directors, Officers, and Other Agents

Section 10.01. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 10.02. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 10.03. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 10.04. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE 11 ~~Article 11~~ – Miscellaneous

Section 11.01. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert's Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 11.02. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate

by resolution which persons, other than the controller/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 11.03. Disposition of Assets upon Dissolution. The Association’s properties and assets are irrevocably dedicated to the fulfillment of the Association’s purposes as described in Article 2 of the Articles of Incorporation. No part of the Association’s net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association’s member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to ~~public-mutual~~ benefit corporations then in effect and with the Articles of Incorporation.

Section 11.04. Definitions. As used in these bylaws, the term “notice provided by electronic means” shall refer to notice given by fax or e-mail.

Amended comprehensively December 1, 2010

Amended May 9, 2012

Amended May 7, 2014

Amended December 2, 2015

Amended November 29, 2017

Amended & Restated _____, 2022

Memorandum

To: Board of Directors
From: Justin Hopkins – General Manager
Juan Vega – Assistant General Manager
Date: 10/25/2022
Re: Agreement Amendment for Bellota Project 100% Design

Background

The Stockton East Water District (District) Board of Directors (Board) approved a Professional Services Agreement (PSA) with Kjeldsen, Sinnock & Neudeck, Inc. (KSN), at the November 5, 2019, Board meeting for the Bellota Fish Screen and Passage Improvement Project (Project). The PSA included project management, background review and preferred alternative selection, field investigations, preparation of biological and technical studies, engineering design, and permitting. The total cost of the original agreement is \$2,929,818.

Summary

On September 29, 2022, staff received notice from KSN requesting an amendment to the original contract. Per documentation provided by KSN, additional water intake and roughened channel components as well as the increasing complexity of the project has led to electrical, communication, and instrumentation-related design work which has expanded beyond the scope of the original concept of the project. Beyond design work, KSN also states that coordination efforts have also extended beyond the original scope including increased participation in: outreach to stakeholder agencies, review meetings and board meetings. The total requested amendment amount is \$117,781.

Financial Impact

Approving the amendment to the original agreement with KSN for \$117,781 would bring the amended contract total to \$3,065,699. The grant agreement between the District and the California Department of Fish and Wildlife (CDFW) has a budget for this line item of \$1,430,152 which has been expended. Staff has requested an amendment to the grant agreement which would move money from another contract which has a surplus to cover the \$117,781. CDFW has agreed to the grant budget amendment and the cost of the PSA amendment will be covered by the grant.

Recommendations

District staff recommends the Board authorize the General Manager to approve an amendment to the Professional Services Agreement with KSN, Inc. for a revised not to exceed cost of \$3,065,699.

THIS PAGE
INTENTIONALLY
LEFT BLANK

Memorandum

To: Board of Directors
From: Justin Hopkins – General Manager
Juan Vega – Assistant General Manager
Darrel Evensen – District Engineer
Kent Norman – Associate Engineer
Date: 10/25/2022
Re: Peters Pipeline Constant Head Vault Gate

Background

As a part of the Stockton East Water District’s (District) FY 22-23 budget, the Board of Directors (Board) approved a \$55,000 budget to install a new slide gate and provide access to the gate in the Peters Pipeline Constant Head Vault (CHV) to address safety concerns in the downstream Vault 66. Currently, there is no existing gate to stop the flow of water down the 66” Peters Pipeline at the CHV.

Summary

Staff received four vendor quotes (Table 1) for a manually actuated 66” slide gate for the CHV. This gate will be used to control the flow of water down the Peters Pipeline at the Constant Head Vault.

Vendor	Amount	Gate Lead Time
Fresno Valve & Casting	\$28,343	10 weeks
Golden Harvest	\$41,646	12 weeks
Rodney Hunt	\$51,720	18 weeks
Waterman	\$55,927	18 weeks

Table 1. Sluice Gate Quotes

Financial Impact

This project is budgeted and the current recommended quote is well below the budgeted amount.

Recommendations

District staff recommends purchasing the Fresno Valve & Casting slide gate and recommends the Board authorize the General Manager to proceed with the purchase of the Peters Pipeline slide gate for \$28,343, plus a 10% contingency of \$2,835, for a total cost of \$31,178.

THIS PAGE
INTENTIONALLY
LEFT BLANK

Memorandum

To: Board of Directors
From: Justin M. Hopkins - General Manager
Juan Vega - Assistant General Manager
David Higaes - Maintenance Manager
Angelo Imbrunetti - Maintenance Mechanic II
Date: 10/25/2022
Re: Duck Creek Traveling Water Screen Improvements

Background

The Duck Creek screen is the first in the Stockton East Water District's (District) Lower Farmington Canal system (LFC). As a result, it is subject to a higher load of canal debris when compared to other traveling water screens in the LFC. In 2008, International Water Screens (IWS) installed chain gear drives on the screens, conveyor, and elevator as part of their standard screen construction. Unfortunately, the chain gear drives are not well suited for this application. Therefore, during FY 21-22, IWS replaced the chain drives with direct drive gearboxes and new drive motors for the screens, as seen in **Figure 1**. However, the elevator and conveyors were not changed at that time. As a result, the original design allowed debris to build up on the chain, causing corrosion and premature failure of the chain and sprocket.



Figure 1. IWS is replacing the screen chain drives with direct drive gearboxes

Summary

The proposed improvements would replace chain drives with direct drives as shown in **Figure 2**. Additionally, due to the age of the equipment, IWS will replace the elevator and conveyor with a new 304 stainless steel (SS) design. Finally, the elevator will be extended an additional eight feet to accommodate a dump truck or dumpster parked underneath the elevator to help facilitate the waste removal. These improvements can extend the useful life, lower staff call-outs to perform emergency repairs, and provide a way to more easily dispose of the waste from the canal. Because IWS is the original equipment

manufacturer (OEM) and the service that IWS provides is unique, competitive bids are unavailable.



Figure 2. Chain driven elevator

Financial Impact

As a part of the Stockton East Water District's FY 22-23 budget, the Board of Directors (Board) approved a \$130,000 budget for improvements to the conveyor system at the Duck Creek traveling water screen. The quote from IWS is for \$73,636.25 to replace the conveyor and elevator as whole units, using direct drive gearboxes and SS construction. The quote includes an additional \$14,500 for the installation of the improvements. The total amount of the quote is \$88,136.25.

Recommendation

Staff recommends that the Board authorize the General Manager to purchase the Duck Creek traveling water screen improvements and installation from IWS for \$88,136.25 plus a 10% contingency not to exceed the cost of \$96,949.88.



San Joaquin County
**Flood Control & Water
Conservation District**
1810 EAST HAZELTON AVENUE
STOCKTON, CALIFORNIA 95205
TELEPHONE: (209) 468-3000

FRITZ BUCHMAN
DIRECTOR OF PUBLIC WORKS
FLOOD CONTROL ENGINEER

ADVISORY WATER COMMISSION
October 19, 2022, 1:00 p.m.
San Joaquin County Robert J. Cabral Agricultural Center
2101 E. Earhart Avenue, Stockton, CA 95206
AGENDA

- I. Roll Call**
- II. Approve Minutes for the Meeting of August 17, 2022 ([Attachment 1 – Page #3](#))**
- III. Discussion/ Action Items:**
 - A. SGMA Activities (Matt Zidar)
 - 1. SGMA Implementation Grant Round 1
 - 2. SGMA Implementation Grant Round 2
 - B. Small Communities Results (Chris Neudeck, KSN) ([Attachment 2 – Page #8](#))
 - C. Central Valley Flood Protection Plan 2022 Update (Mary Jimenez, DWR). Link to [Public Draft 2022 Central Valley Flood Protection Plan Update](#) ([Attachment 3 – Page #39](#))
 - D. Deferred Maintenance Project Status (Joseph Thomas, KSN) ([Attachment 4 – Page #50](#))
 - E. Flood System Repair Project - Mormon Slough (Joseph Thomas, KSN) ([Attachment 4 – Page #55](#))
- IV. Staff Reports**
 - F. SJC
 - G. DWR
- V. Public Comment: *Please limit comments to three minutes.***
- VI. Commissioner Comments**
- VII. Future Agenda Items**
- VIII. Adjournment**

Next Special Meeting
November 16, 2022, 8:30 a.m.
San Joaquin County Robert J. Cabral Agricultural Center
2101 E. Earhart Avenue, Stockton, CA 95206

Commission may make recommendations to the Board of Supervisors on any listed item.

If you need disability-related modification or accommodation in order to participate in this meeting, please contact the Water Resources Staff at (209) 468-3089 at least 48 hours prior to the start of the meeting. Any materials related to items on this agenda distributed to the Commissioners less than 72 hours before the public meeting are available for public inspection at Public Works Dept. Offices located at the following address: 1810 East Hazelton Ave., Stockton, CA 95205. These materials are also available at <http://www.sjwater.org>. Upon request these materials may be made available in an alternative



TECHNICAL ADVISORY COMMITTEE MEETING

Discussion Topics
Thursday, October 20th 2022
10:30 a.m. – 12:00 p.m.

- A. Discussion/Action
 - 1. Review GSA proposals for grant funding ([Attachments](#))
 - 2. Discuss GWA proposal for monitoring network revision and instrumentation
 - 3. Schedule and materials needed for Grant Application
 - 4. Grant application costs and preparation
- B. Next Meeting/Future Agenda Items
- C. Adjournment

Attachments:

- A.1.a. GSA Projects Considered for Inclusion in Grants Application
- A.1.b. DWR Criteria

Next Meeting:
TBD

THIS PAGE
INTENTIONALLY
LEFT BLANK

Weekly Water Report	As of: Oct. 17, 2022	As of: Oct. 24, 2022
New Hogan (NHG) TOC	270,350	AF
Storage:	53,006	AF
Net Storage Change:	-1,069	AF
Inflow:	20	CFS
Release:	57	CFS
New Melones (NML) Allocation	75,000	AF
Storage:	601,195	AF
Net Storage change:	-12,539	AF
Inflow:	297	CFS
Release:	1,463	CFS
Source: CDEC Daily Reports		

Goodwin Diversion (GDW)		
Inflow (Tulloch Dam):	1,473	CFS
Release to Stanislaus River (S-98):	440	CFS
Release to OID (JT Main):	221	CFS
Release to SSJID (SO Main):	206	CFS
Release to SEWD:	<u>0</u>	CFS
Total Release	867	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	
Out-Of-District Irrigators:	0	
DJWWTP Production:	44	MGD
North Stockton:	10	MGD
South Stockton:	9	MGD
Cal Water:	21	MGD
City of Stockton DWSP Production:	14	MGD

District Ground Water Extraction		
74-01	883	GPM
74-02	535	GPM
North	524	GPM
South	1,824	GPM
Extraction Well # 1	<u>3,120</u>	GPM
Total Well Water Extraction	6,886	GPM
Total Ground Water Production	9.9	MGD

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

THIS PAGE
INTENTIONALLY
LEFT BLANK



San Joaquin County Agricultural Drought Task Force

Presenter : Craig Shoemaker

Weather Forecast Office
Sacramento, CA
Wednesday, October 19

Climate Program Manager

Agenda Item: F-3a
Date: 10/25/22

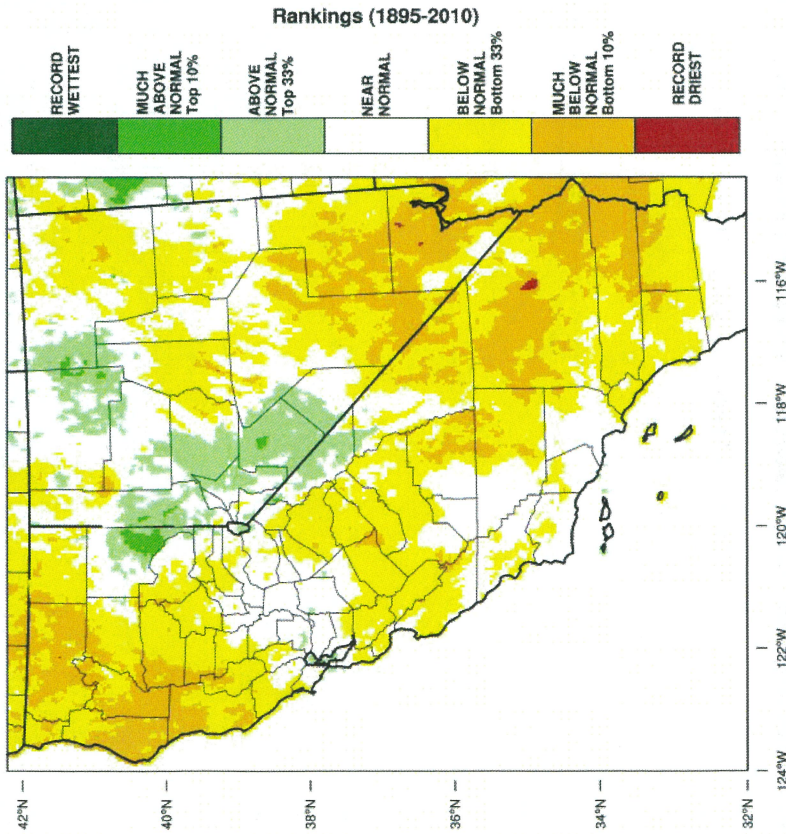




Water Year 2021 - 2022

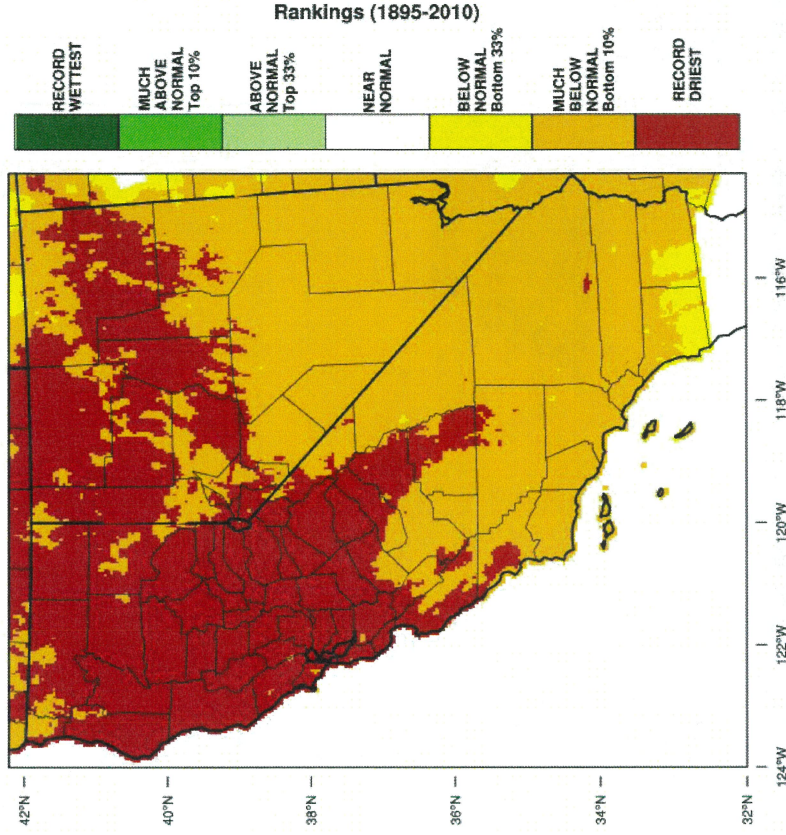
Weather Forecast Office
 Sacramento, CA
 Wednesday, October 19

California - Precipitation
 October-March 2022 Percentile



WestWide Drought Tracker, U Idaho/WRC Data Source: PRISM (Prelim), created 2 APR 2022

California - Precipitation
 January-March 2022 Percentile



WestWide Drought Tracker, U Idaho/WRC Data Source: PRISM (Prelim), created 2 APR 2022



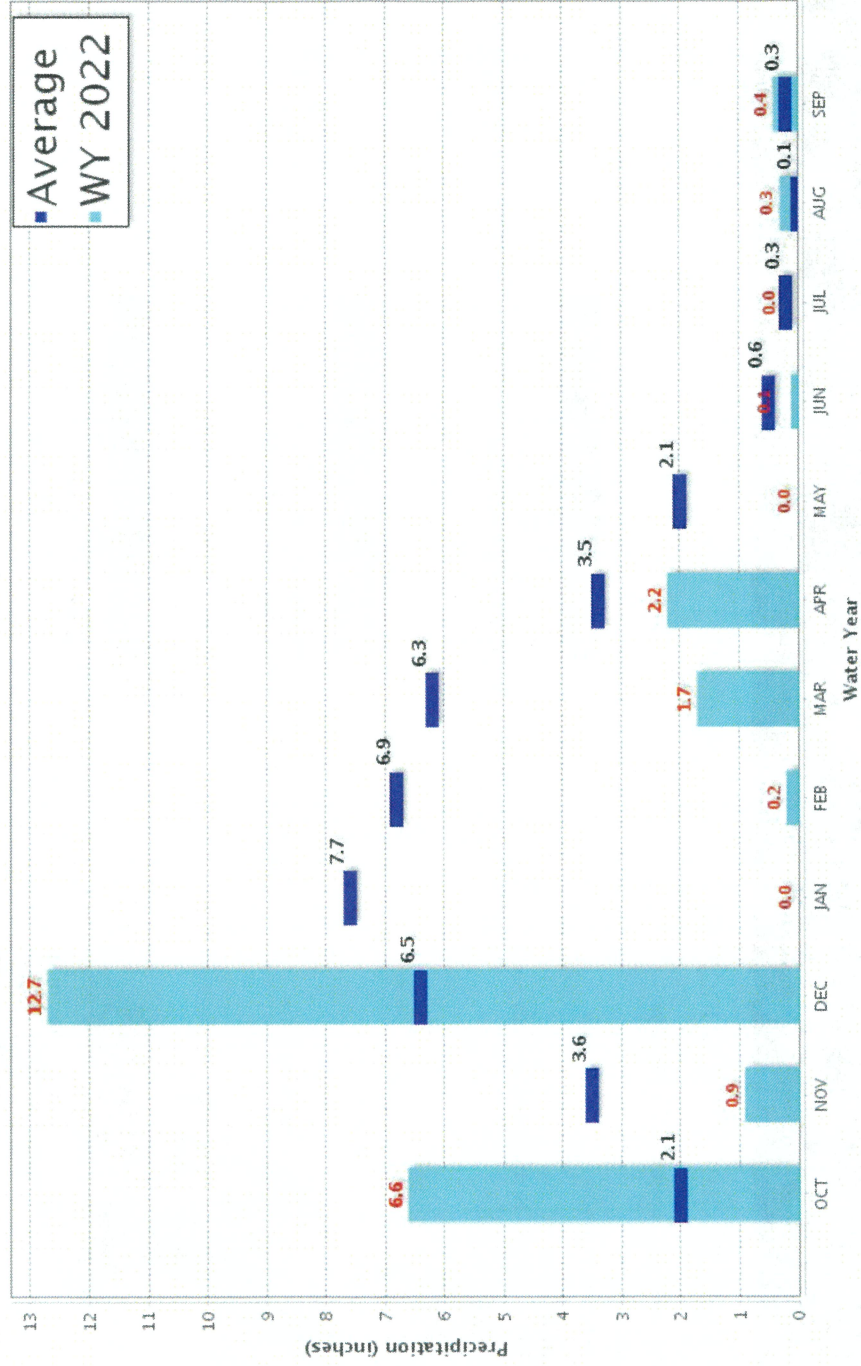
Water Year 2021-2022 Extreme Variability

Weather Forecast Office
 Sacramento, CA
 Wednesday, October 19



San Joaquin 5-Station Precipitation Index for Water Year 2022 - Updated on September 20, 2022 11:48 AM

Note: Monthly totals may not add up to seasonal total because of rounding
 Water Year Monthly totals are calculated based on Daily precipitation data from 12am to 12am PST





Stockton Airport Precipitation

Monthly Total Precipitation for STOCKTON AP, CA

Click column heading to sort ascending, click again to sort descending.

Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Season
2016-2017	2.39	1.66	2.11	6.33	5.15	2.18	1.86	0.07	0.03	0.00	0.01	T	21.79
2017-2018	0.12	0.79	0.05	3.03	0.97	2.41	1.72	0.13	0.00	0.00	0.00	T	9.22
2018-2019	1.28	2.25	2.35	2.04	4.85	2.43	0.59	2.58	0.00	0.00	0.00	0.23	18.60
2019-2020	0.00	0.89	3.43	0.95	0.00	1.87	0.85	0.36	T	0.00	T	0.00	8.35
2020-2021	0.00	0.09	1.84	3.97	0.96	0.98	0.04	0.00	0.00	0.00	0.00	0.01	7.89
2021-2022	3.86	0.46	3.89	T	T	0.83	0.71	0.00	0.06	T	T	0.06	9.87
Mean	1.27	1.02	2.28	2.72	1.99	1.78	0.96	0.52	0.02	T	0.00	0.05	12.62
Max	3.86	2.25	3.89	6.33	5.15	2.43	1.86	2.58	0.06	T	0.01	0.23	21.79
Min	0.00	0.09	0.05	T	0.00	0.83	0.04	0.00	0.00	0.00	0.00	0.00	7.89
	2020	2020	2017	2022	2020	2022	2021	2022	2021	2021	2021	2020	2021

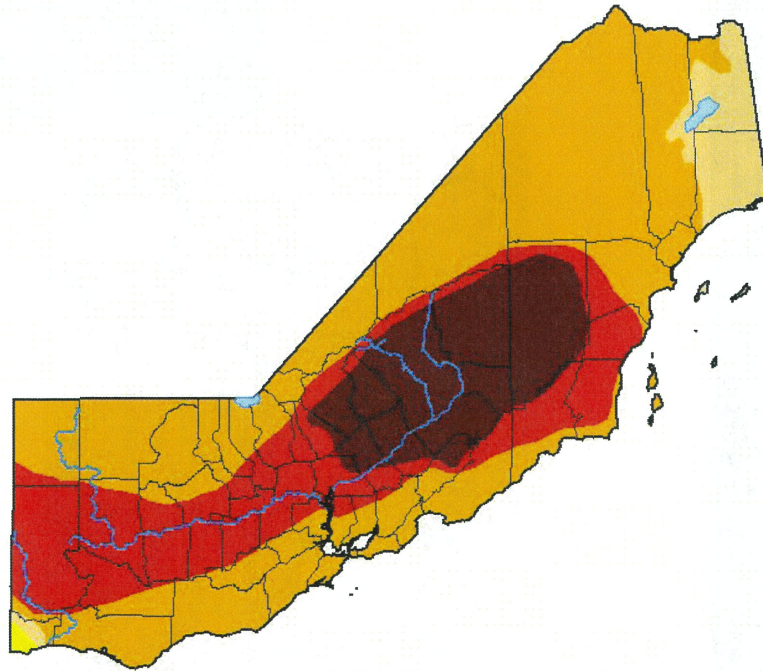
WY 2021-2022 Total: 9.87" ~73% of normal to date
Water Year Average Precipitation: 13.45"



Latest Drought Monitor

Weather Forecast Office
Sacramento, CA
Wednesday, October 19

U.S. Drought Monitor California



September 13, 2022
(Released Thursday, Sep. 15, 2022)
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	99.76	94.06	40.91	16.57
Last Week 09-06-2022	0.00	100.00	99.76	97.52	40.18	16.57
3 Months Ago 06-14-2022	0.00	100.00	99.79	97.48	59.81	11.59
Start of Calendar Year 07-04-2022	0.00	100.00	99.30	67.62	16.60	0.84
Start of Water Year 09-26-2021	0.00	100.00	100.00	93.93	87.88	45.66
One Year Ago 09-14-2021	0.00	100.00	100.00	93.93	87.94	45.66



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:
David Simeral
Western Regional Climate Center



droughtmonitor.unl.edu



2022 ENSO Predictions

Weather Forecast Office
Sacramento, CA
Wednesday, October 19

... According to the Climate Prediction Center ...

114 There is a 75% chance of La Niña during the Northern Hemisphere winter (December-February) 2022-23, with a 54% chance for ENSO-neutral in February-April 2023.

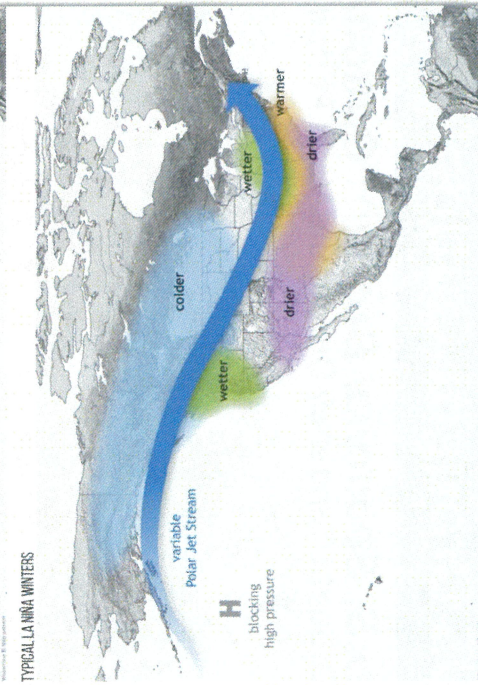
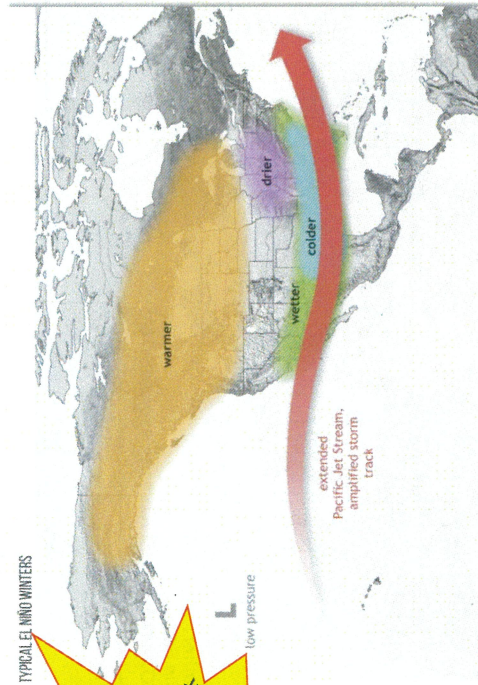
10/13/2022



ENSO Storm Tracks

Weather Forecast Office
Sacramento, CA
Wednesday, October 19

El Niño? La Niña?
Neutral?
Think Storm Track
Location!



La Niña Year:

- California precipitation is highly dependent upon where the blocking high pressure system sets up in the Pacific

As Always....

Our future water supply will be dependent upon the individual storms



CPC 3 Month Outlooks

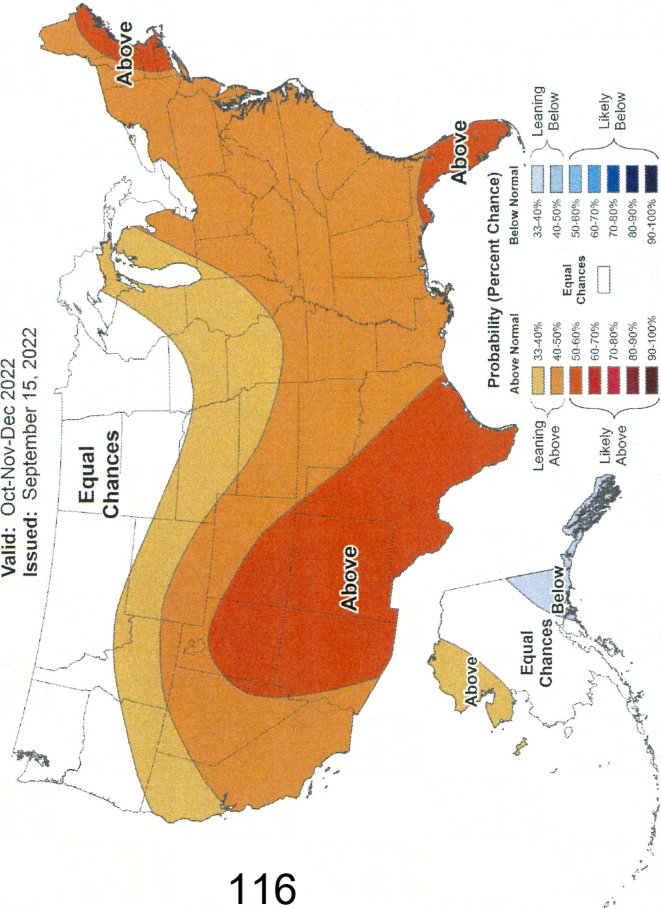
Weather Forecast Office
Sacramento, CA
Wednesday, October 19

October - November - December



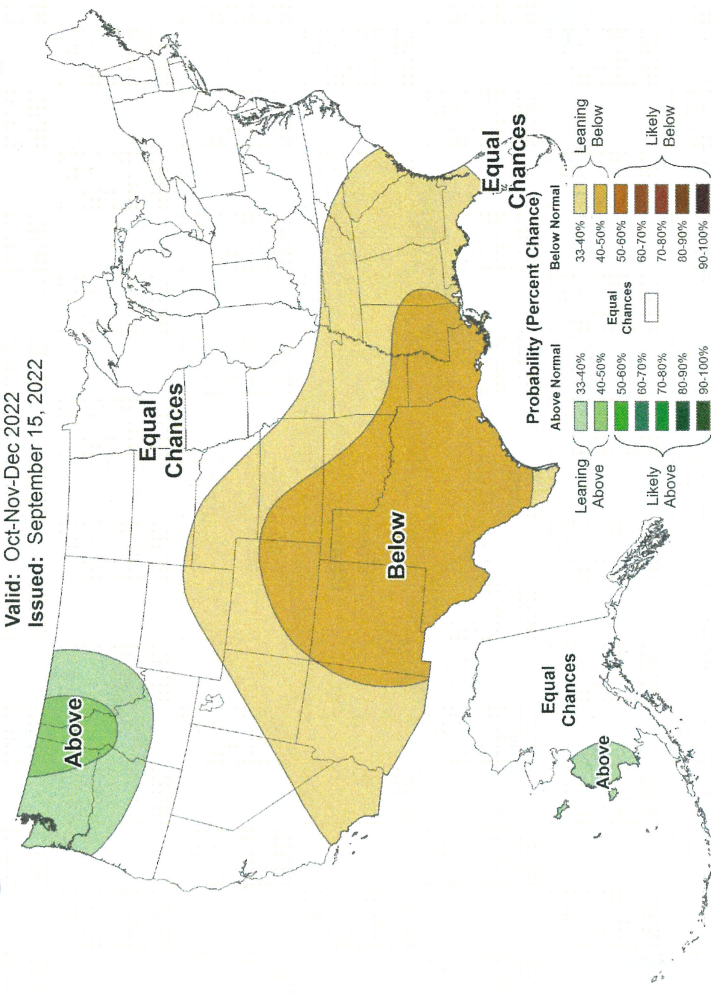
Seasonal Temperature Outlook

Valid: Oct-Nov-Dec 2022
Issued: September 15, 2022



Seasonal Precipitation Outlook

Valid: Oct-Nov-Dec 2022
Issued: September 15, 2022



Unshaded areas = Equal Chances, No Strong Indicators



NWS Partner Emails

Weather Forecast Office
Sacramento, CA
Wednesday, October 19

  **National Weather Service**
National Oceanic and Atmospheric Administration

Weather Forecast Office
Sacramento
Friday, Oct 22, 2021

Significant Rain and Snow this Weekend into Early Next Week

KEY POINTS

- Periods of moderate to locally heavy rain could cause small stream and urban flooding
- Possible debris and ash flows on recently burned areas
- Breezy winds Sunday
- Winter Storm Watch in effect Sunday evening into Tuesday

CHANGES FROM PREVIOUS BRIEFING

- Winter Storm Watch issued for Sunday night into early Tuesday
- Flood Watch in effect from Late Saturday night through Sunday

WEATHER RISK OUTLOOK

Risk levels incorporate potential impacts from weather hazards and likelihood of occurrence.

	Fri 10/22	Sat 10/23	Sun 10/24	Mon 10/25	Tue 10/26	Wed 10/27	Thu 10/28
Valley	Rain	Rain	Rain/Wind	Rain	Rain	Rain	Rain
Foothills	Rain/Debris Flows	Rain	Rain/Wind/Debris Flows	Rain	Rain	Rain	Rain
Mountains	Rain/Debris Flows	Rain	Rain/Wind/Debris Flows	Snow	Snow	Snow	Rain

Risk Levels

Little to None	Minor	Moderate	Major	Extreme
----------------	-------	----------	-------	---------

DETAILS

Valley, Foothills, Mountains

Impacts:

- Moderate to heavy rain may lead to roadway ponding and minor flooding of poor drainage areas, creating difficult commute conditions
- Periods of heavy rain with ash and debris flows possible on recently burned areas

Timing:

- Through this afternoon

Confidence:

- High

Impacts:

- Moderate to locally heavy rain through the afternoon today
- Ponding on roadways and increased travel times
- Isolated afternoon thunderstorms possible in northern Sacramento Valley and surrounding foothills

Impacts:

- Mountain travel delays and chain controls possible

Timing:

Friday

Confidence:

Medium

- Snow levels 7000-9000 feet decreasing through the day

Early heads up of impending weather

- Prior to traditional watches and warning

To be added to partner email lists, email:

nws.sacramento@noaa.gov or
courtney.carpenter@noaa.gov



Questions?

Weather Forecast Office
Sacramento, CA
Wednesday, October 19

If you have questions, or want to be added to partner email list, please contact:

NWS SACRAMENTO

cindy.matthews@noaa.gov

craig.shoemaker@noaa.gov

or

courtney.carpenter@noaa.gov

A Forecaster can be reached 24/7

 (916) 979-3045



nws.sacramento@noaa.gov



(916) 979-3045



weather.gov/sacramento



October Meeting Agenda

10:00 a.m. October 21, 2022
279-666-3100 / ID 712 662 556#

The meeting begins at 10:00 a.m. via MS Teams or the provided call-in number.

1. **Opening Business**
2. **Report on EC Meeting**
3. **2022 FAC Issues Matrix**

2022 FAC Issues Matrix – Updated 5/20/2022	
Priority Issues	Update
1. Future Costs and Potential Rate Impacts	Robert
2. Remediation of CVP Costs	
a. PL 111-11 XM Rate	Sabir
b. Remediation of 2014-2019 costs	(On hold)
c. Recharacterization of Reimbursability of Costs (BGT 02-02)	(On hold)
3. CVPIA	
a. True-up and Accounting BPG	Heather
b. Finance Plan	Brooke
c. Progress Activity Report (CPAR)	(On hold)
4. CBG’s CVP Reserved Works Application	Duane
5. CVP Final Cost Allocation (FCA) true-up	Sabir
6. Folsom SOD Cost Recovery - Dike 1-6	Sabir
7. Contractor Contact list	Lisa
Tracking Issues	
1. PL 116-260 Aging Infrastructure Account	Reclamation
2. WIIN Act Section 4007 Storage Projects	Vincent
3. Reclamation Manual Updates	Kevin
4. BORWORKS Enhancements	Sabir
5. Warren Act Rates for 2023	Sabir
6. Ability-to-Pay Studies	Steve
7. San Luis Joint Use O&M Cost Reallocation Study	Duane
8. Annual Budget Review with Stakeholders	Ed
9. Trinity PUD assessment collection	Sabir
10. WRDA 2022 draft language	Kevin

4. 2022 FAC Presentations

2022 FAC Schedule of Presentations – Updated 7/15/2022		
Month	Topic	Presenter
January 18	2022 FAC Issues Matrix	Kevin Kasberg
February 18	Regional Director 2022 Priorities	Ernest Conant
March 18	Annual Budget Process	Ann Lubas-Williams
April 22	CVPIA Finance Plan	Brooke White
May 20	BORWORKS 101	Sabir Ahmad/Anthea Hansen
June 17	Reserved Works Application for Aging Infrastructure Account Funding	Duane Stroup, Ed Young, Ann Lubas-Williams
July 15	Future Costs	Robert Ward
August 19	Ratesetting 101 – Rate Development	Sabir Ahmad
September 16	Revenues	Christiane Washington
October 21	Planning (Storage Projects)	Vincent Barbara
November 18	Implementing the Cost Allocation	Steve Pavich
December 16	TBD	

5. 2023 Draft Rates Posted

<https://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html>

6. Reorg at the FMD

7. Reserved Works Application

8. October Presentation – New Storage Projects in the Region with Vincent Barbara

You are cordially invited to the
**37th ANNUAL AGRICULTURAL
HALL OF FAME AWARDS**

Thursday, October 20, 2022

5:30 p.m. Social Hour • 6:30 p.m. Dinner

Robert J. Cabral Ag Center
2101 E. Earhart Avenue, Stockton, CA 95206

2022 Agricultural Hall of Fame Honorees

Bruce Fry
Rudy Maggio
Diana Muller
Jim & Sam Tanaka
Benjamin "Ben" Beam (Posthumous)

2022 Agricultural Hall of Fame Sponsors

COMMUNITY CHAMPIONS

Kaiser Permanente
Kings Card Club
Port of Stockton

TAKING CARE OF BUSINESS PARTNER

City of Stockton

PLATINUM SPONSORS

F&M Bank
Nor Cal Carpenters Union
Oak Ridge Winery
San Joaquin County Office of Education

GOLD SPONSORS

BPM LLP
Stockton East Water District

SILVER SPONSORS

CALAMCO
Captivating Photos
Mohr-Fry Ranches, Inc.
Van De Pol Petroleum
Vino Farms LLC

THIS PAGE
INTENTIONALLY
LEFT BLANK