

A 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, JUNE 26, 2007 AT NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Panizza called the meeting to order. The pledge of allegiance was lead by Director Watkins.

Present at roll call were Directors Latimer, McGaughey, McGurk, Panizza, Polk, Sanguinetti and Watkins. Also present were Manager Kauffman, Assistant Manager Thomas, Finance Director Jamosmos, Office Manager Stephens and Consultant Barkett. Legal Counsel Zolezzi arrived at 12:39 p.m.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes of the 06/19/07 Regular Meeting

The following correction was made to the minutes:

- Page 4, section D7b, paragraph 1, sentence 2-strike “2.3” add “3.2”.

A motion was moved and seconded to approve the June 19, 2007 regular meeting minutes, as amended.

Vote: Unanimous approval

Director McGurk inquired on the amount of time it will take the Al Bonner Power Generating Facility to achieve output of 3.2 megawatts of power. Manager Kauffman stated the maximum output of the proposed Pelton Wheel Project is 3.2 megawatts with a flow of 74 cfs. If the flow is reduced, the output would be proportional. The proposed Pelton Wheel Project will be in a different location than the Al Bonner Power Generating Facility.

2. Calaveras River Watershed Coordinator Program

Manager Kauffman provided the Board with amended Grant Agreement #3003-586 between the Department of Conservation and Stockton East Water District for the Calaveras River Watershed Coordinator Program. The amended Grant Agreement extends the terms and conditions for funding the program from May 1, 2007 through December 31, 2007. Assistant Manager Thomas reported the district will enter into a new Agreement for a 3-year term in December 2007. Manager Kauffman stated the Calaveras River Watershed Stewardship Group is an effective group which is beneficial to the district.

A motion was moved and seconded to retroactively approve the amended Grant Agreement #3003-586 which extends the terms and conditions for funding the Watershed Coordinator Program from May 1, 2007 through December 31, 2007.

Vote: Unanimous approval

3. Farmington Groundwater Recharge & Seasonal Habitat Program – 2007 Newsletter
Manager Kauffman provided the Board with a draft 2007 Newsletter for the Farmington Groundwater Recharge Program. Montgomery Watson Harza developed the Newsletter to provide the latest information on the Farmington Program and will provide the district with 250 copies of the final version. The Newsletter will be used as a resource document for lobbying trips, and provides stakeholders with a summary of what has been accomplished to date.

Director Watkins reported there is an old gravel pit located on the west side of the bird cage which could be considered a potential recharge site. Manager Kauffman will research the potential recharge site.

Consultant Barkett received information from Doyce Boesch that Congress Member McNerney reduced the request for the amended WRDA language to \$1,000,000.00 for the Farmington Program. Manager Kauffman reported he received a call from Nick Holder of Congress Member McNerney's office informing him that Farmington would be on the list and that some requests would be reduced on their list.

4. DWTP - Efficiency Enhancement Project - Finished Water Pumping Station
Manager Kauffman provided the Board with modifications to the Finished Water Pumping Station Modification Project from HDR. The modifications include addition of PG&E metering pole, deletion of packing glands for flow switches, additional excavation/relocation of switch #'s 1, 2 and 3 pads and transformer pad changes. These modifications will have positive and negative effects on the Project budget. Assistant Manager Thomas reported approximately 15 more modifications are expected to be submitted by the Steve P. Rados Company, Inc. The modification issues will be negotiated between the construction manager, HDR and Steve P. Rados Company, Inc.

Assistant Manager Thomas reported the contractor continues to work on programming issues. During the recent power outage, the Finished Water Pumping Station automatically shut down. Unfortunately, there was no specific alarm indicating there was a PG&E grid failure. An alarm will be installed in the event of a future PG&E grid failure. The Finished Water Pumping Station continues to run in manual and will not be considered substantially complete until it runs in automatic for a five-day period, with no problems. Staff continues to work on a final punch list with HDR.

E. COMMITTEE REPORTS

1. San Joaquin County Flood Control & Water Conservation District Advisory Water Commission Meeting, 06/20/07
Director McGurk reported on the June 20, 2007 San Joaquin County Flood Control & Water Conservation District Advisory Water Commission Meeting. Approval of the minutes was postponed as Manager Kauffman and Director McGurk felt the comments noted from Rob Alcott with EBMUD were inaccurate. Mel Lytle will listen to the tape from the meeting and produce a transcript. Mel Lytle gave an update on reinstatement of Mokelumne River Water Right Filing No. 29835. Roger Churchwell reported on the Flood Control TAC activities. Action Item 2A was canceled, as John Herrick was not present to give an update.

2. San Joaquin County & Delta Water Quality Coalition Steering Committee Meeting, 06/21/07
Director Latimer reported the June 21, 2007 San Joaquin County & Delta Water Quality Coalition Steering Committee Meeting was canceled.
3. Principles of Agreement Meeting at San Joaquin County Farm Bureau, 06/22/07
Vice President Watkins, Directors Sanguinetti and McGurk and Manager Kauffman attended the June 22, 2007 Principles of Agreement Meeting at the San Joaquin County Farm Bureau. Director Sanguinetti reported the group was able to reduce the Agreement to eleven Principles. Manager Kauffman is waiting to receive final comments from Supervisor Ken Vogel before finalizing the document. A management group consisting of Andy Christensen, Tom Flinn, Richard Prima, Ed Steffani and Manager Kauffman has been formed to present the final Principles of Agreement to EBMUD for negotiation.

F. REPORT OF THE GENERAL MANAGER

1. M&O Superintendent's Report (None)
2. The Board received the F2a's.

Bob Granberg, City of Stockton commented on the article under agenda item F2a-3. Mr. Granberg stated the proposed contract between the City of Stockton and Thames/OMI was not a privatization effort. The contract was an outsourcing service contract and did not contribute to the rate increase. The rate increase was based on the CPI. Statements made in the article that customer service requirements have been unfulfilled, the amount of unaccounted-for water has tripled and maintenance tasks are backlogged are all not true.

Manager Kauffman reported on the following issues:

- Manager Kauffman reported the Groundwater Banking Authority Coordinating Committee Meeting is scheduled for Wednesday, June 27, 2007 at 9:30 a.m.

G. DIRECTOR REPORTS

1. North San Joaquin Water Conservation District Petition for Reconsideration Hearing, 06/21/07
Manager Kauffman, Director McGurk and Legal Counsel Zolezzi attended the June 21, 2007 North San Joaquin Water Conservation District Petition for Reconsideration Hearing. Director McGurk reported the majority of the agencies which testified were in favor of NSJWCD. Legal Counsel Harrigfeld interrogated several witnesses to ensure their testimony was part of the public record. Legal Counsel Zolezzi reported there were two separate hearings held on the same day for NSJWCD water rights issues. The first hearing was for the Petition for Reconsideration and the second hearing was for the Cease & Desist Order. Legal Counsel Zolezzi felt both hearings went very well for NSJWCD.
2. Stockton Chamber of Commerce Annual Installation & Awards Dinner, 06/21/07
Director McGaughey reported on the June 21, 2007 Stockton Chamber of Commerce Annual Installation & Awards Dinner. Richard Aschieris, Director for the Port of Stockton gave a presentation. Mr. Aschieris stated USG Corporation will be building a new sheetrock gypsum panel manufacturing plant at the Port of Stockton and Lowe's Companies, Inc. will be building a new flatbed distribution center at the Port of Stockton. Director Watkins stated the amount of money for constructing these facilities is staggering.

3. Stockton Chamber of Commerce 2007 Agri-Business Scholarship Luncheon, 06/22/07
Director Latimer reported on the June 22, 2007 Agri-Business Scholarship Luncheon. Top Flight catered the event and Escalon High School received four awards. Director McGaughey stated it was an enjoyable luncheon and very positive.
4. Conservation Cottage Dedication & Grand Opening, 06/25/07
Director McGaughey reported on the June 25, 2007 Conservation Cottage Dedication & Grand Opening. There was a great turn out thanks to the Chamber of Commerce. Water Conservation Coordinator Coon did a great job on the Conservation Cottage. Director Watkins reported the refrigerator in the cottage was equipped with a positive locking handle which could pose a threat to small children. Assistant Manager Thomas agreed with Director Watkins and will ensure the refrigerator is replaced or modified so it does not pose a safety hazard.

H. REPORT OF COUNSEL (None)

I. COMMUNICATIONS (None)

J. AGENDA PLANNING FOR THE NEXT MEETING

1. Northeastern San Joaquin County Groundwater Banking Authority Coordinating Committee Meeting, 9:30 a.m., 06/27/07

President Panizza adjourned the meeting to closed session at 1:16 p.m. to discuss closed session items. The regular meeting reconvened at 2:15 p.m. with the following reportable actions:

A motion was moved and seconded to authorize Legal Counsel to draft an amendment to Anthony Barkett's Business Consultant Agreement amending the term to August 1, 2007 through December 31, 2007 and reducing the rate of pay to \$2,500.00 per month.

Vote: Unanimous approval

A motion was moved and seconded to approve Employment Agreement for the General Manager for a 5-year period commencing July 1, 2007.

Vote: Unanimous approval

K. ADJOURNMENT

The meeting was adjourned at 2:16 p.m.

Respectfully submitted,

Kevin Kauffman
Secretary of the Board

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