

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, SEPTEMBER 11, 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 Sanguinetti.

Present at roll call were Directors Cortopassi, Latimer, McGaughey, McGurk, Panizza, Sanguinetti and Watkins. Also present were Manager Kauffman, Assistant Manager Thomas, Superintendent Yoshimura, Finance Director Jamosmos, Office Manager Stephens and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 09/04/07 Regular Meeting

President Panizza made the following correction to the minutes:

- Page 2, section E1, paragraph 1, sentence 3, add “requesting the City Manager consider” before “hiring”.

A motion was moved and seconded to approve the September 4, 2007 regular meeting minutes, as amended.

Vote: Unanimous approval

2. Expenses

- a. Fund 67 – Agricultural Fund
- b. Fund 70 – Administration Fund
- c. Fund 91 – Vehicle Fund
- d. Fund 94 – Municipal & Operations Fund
- e. Summary
- f. Short Names/Acronym List

Finance Director Jamosmos reported expenses on page 11, line items 16 & 17 for Citizens Business Bank in the amounts of \$141,406.21 and \$120,126.82 represent interest and principal payments for the 2005 Installment Purchase Agreement. Manager Kauffman explained the \$7 million financing was to build the flocculation-sedimentation basins and the finished water pump station at the water treatment plant. The interest rate on the financing is 4.25%. In addition, Manager Kauffman explained the expenses on page 15, line items 135 & 136 for U.S. Bank Corp. Trust Services in the amounts of \$38,349.09 and \$38,333.33 represent interest and principle payments for the 1997 COP refinancing of the water treatment plant expansion.

Finance Director Jamosmos reported expenses on page 14, line items 98 & 99 for Oakdale Irrigation District in the amount of \$134,100.00 and \$100,000.00 represent payments for 2,000 AF of water delivery under the Water Transfer Agreement and 2,500 AF of water delivery under the Settlement Agreement. The same applies for expenses on page 15, line items 121 & 122 for South San Joaquin Irrigation District.

Director Cortopassi inquired on the expense on page 14, line item 89 for Kennedy/Jenks Consultants in the amount of \$17,091.43. Manager Kauffman replied the expense is for the Mariposa Lakes Development Project and will be reimbursed by the developer.

Director McGurk inquired if GreenBay Landscaping, Inc. continues to provide landscape services for the district. Manager Kauffman replied GreenBay Landscaping still provides the district with specific landscape services for the area of the district grounds from the entrance at Main Street to and around the Administrative offices. The remainder of the district grounds are maintained using workers from the Alternative Work Program.

A motion was moved and seconded to approve the September 11, 2007 expenses, as presented.

Vote: Unanimous approval

3. DWTP - Efficiency Enhancement Projects

a. Finished Water Pumping Station

Manager Kauffman provided the Board with correspondence from HDR issuing a tentative certification of substantial completion effective July 20, 2007 for the Finished Water Pump Station Modification Project and Work Change Directive No. 17 in response to a change order from Steve P. Rados, Inc. Legal Counsel and staff met with HDR on Wednesday, September 5, 2007 to discuss issues associated with closing-out the project. There is approximately \$40,000-\$60,000 in potential change orders. In addition, Steiny Electrical a sub-contractor for Steve P. Rados, Inc. has verbally indicated that they had claimed an additional \$200,000 in change orders. After discussions, it was determined final cost overruns are approximately \$7,000. HDR will provide Steve P. Rados, Inc. with information on the final cost overruns and a change order in an attempt to close-out the project. Manager Kauffman feels the excessive change order amounts from the sub-contractor are due to lack of communication between Steve P. Rados, Inc. and Steiny Electrical.

b. Cogeneration Opportunities

Manager Kauffman reported he has not heard anything new from GTS Research Group regarding the Pelton wheel generator. It appears the original group has broken up and is not clear on who is on the new GTS team. GTS has verbally committed to follow through, but their actions have not supported this commitment.

EEDI, Inc. has located an Ice Company which is interested in using the thermal energy from the natural gas generators for the operation of their facility. Financing for the project has been obtained through North Star Financing in Applegate, CA. An amendment to the Agreement will be required to include the Ice Company, as a sub-contractor. Staff will be receiving a proposal in the next couple of days.

E. COMMITTEE REPORTS

1. San Joaquin County & Delta Water Quality Coalition Meeting, 09/05/07

Director Latimer reported on the September 5, 2007 San Joaquin County & Delta Water Quality Coalition Meeting. Mike Johnson reported 900 surveys have been returned to date. GPS mapping will be obtained to determine ownership of property. The group discussed ways to modify the program. A report received by the group indicated 66,000 lbs of Lorsband has been applied in San Joaquin County this year. The budget has a balance of \$327,087. Terry Pritchard gave an update on the Resource Conservation District grant. All monitoring sites up until July 2007 were free of pesticides. The next meeting is scheduled for Wednesday, October 3, 2007.

Director Cortopassi inquired on the reporting methods used to determine the amount of Lorsband applied in San Joaquin Valley. Director Latimer agreed it was probably based on the amount of insecticide sold. Director Cortopassi recommended clarifying how it is reported to avoid confusion on the actual amount of active ingredient used. Director McGaughey reported the minutes from the August 1, 2007 San Joaquin County & Delta Water Quality Coalition Meeting reflected p.m. as opposed to a.m. for the adjournment time.

2. Mokelumne Forum Meeting, 09/06/07

Director McGurk reported on the September 6, 2007 Mokelumne Forum Meeting. The primary purpose of the meeting was to receive an update from the WRIME team and to support their efforts at developing an I-RCUP feasibility study work plan. The second purpose was to continue discussion of potential governance options for the Forum. WRIME continues to study water rights agreements and has indicated some of the agencies in the Forum have not responded to the request for information. Matt Zidar will be leaving the firm and be replaced with a new partner and technical person. Matt Zidar recommended amending several of the agencies Joint Power Agreements (JPA) to avoid having to develop a new JPA for the I-RCUP process. The group recommended having 3 representatives with two alternates from the GBA and JPA for the I-RCUP governance. Mel Lytle will discuss at the next GBA meeting, Tom Gau will brief the Board of Supervisors Water Committee and Bob Granberg will brief the City Council Members. If WRIME can complete the task order and resolve the governance issues, a potential meeting with electives can be held at the ACWA Fall Conference in November 2007. The GBA's Proposition 50 Application for \$7 million was accepted. The next meeting is scheduled for Thursday, October 4, 2007.

F. REPORT OF THE GENERAL MANAGER

1. M&O Superintendent's Report

Superintendent Yoshimura reported there is approximately 132,247 AF in storage at New Hogan. Current releases are set at 155 cfs. There is approximately 1,468,000 AF in storage at New Melones. Current releases are at 190 cfs. The water treatment plant is currently processing 100% New Melones water.

2. Information Items

Manager Kauffman noted items F2a-1, F2a-2, F2a-3, F2a-5, F2a-6, F2a-7, F2a-8 and F2a-12.

Manager Kauffman reported on the following issues:

- Manager Kauffman reported the district has received an additional 2,000 AF of water from SSJID to finish out the contract year. In addition, the Bureau of Reclamation has agreed to make 4,000 AF available to SEWD. Bob Granberg inquired if the full 4,000 AF will go to Agriculture. Manager Kauffman replied the full 4,000 AF allotment will go to Agriculture due to Central San Joaquin Water Conservation District using 40,000 AF of water this year.
- Manager Kauffman confirmed the County has not collected the mitigation fees for annexed lands to the district both in the City and unincorporated areas of the County. Staff will continue to work with the County and City to collect these fees.

G. DIRECTOR REPORTS

Director McGaughey informed the Board of several worthwhile articles in the most recent issue of the California Special District Association (CSDA) publication dated July-August 2007.

H. REPORT OF COUNSEL

1. Water Right Application Correspondence

Legal Counsel Zolezzi provided the Board with correspondence regarding protests against SEWD's Water Right Applications. Legal Counsel Zolezzi will provide the Board with a matrix on the status of all protests.

I. COMMUNICATIONS (None)

J. AGENDA PLANNING FOR THE NEXT MEETING

1. Northeastern San Joaquin County Groundwater Banking Authority Board & Coordinating Committee Meeting, 9:30 a.m., 09/12/07
2. Eastern Water Alliance Meeting, 12:00 p.m., 09/14/07

President Panizza adjourned the meeting to closed session at 1:22 p.m. to discuss closed session items. The regular meeting reconvened at 1:52 p.m. with no reportable actions.

Assistant Manager Thomas reported 191 squirrels have been terminated at the district facility.

K. ADJOURNMENT

The meeting was adjourned at 1:54 p.m.

Respectfully submitted,

Kevin Kauffman
Secretary of the Board

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