



# STANISLAUS REGIONAL WATER AUTHORITY

## BOARD MEETING

Thursday, August 27, 2015

10:00 a.m.

City of Modesto  
1010 10<sup>th</sup> Street, 2<sup>nd</sup> Floor, Room 2001  
Modesto, CA  
Modesto, California

## AGENDA

- I. Call to Order
- II. Public Comments
- III. Consent Calendar (Action Item)
  - a. Approval of Minutes for July 16, 2015 Special Board Meeting
  - b. Approval of Minutes for July 23, 2015 Board Meeting
- IV. General Manager's Report
- V. Finance Director's Report
- VI. Written Communications
  - a. SRWA Secretary Resignation
- VII. Unfinished Business
- VIII. New Business
  - a. Next Steps
- IX. Matters Too Late for the Agenda
- X. Board Comments
- XI. Items for September 24, 2015 Meeting Agenda
- XII. Adjournment



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## **CLOSED SESSION**

Performance Review of Interim General Manager (Pursuant to Section 54957(b)(1) of the Government Code)

Performance Review of General Counsel (Pursuant to Section 54957(b)(1) of the Government Code)

Posted pursuant to Government Code Section 54956 on the bulletin board at Tenth Street

Place on \_\_\_\_\_ at \_\_\_\_\_ by \_\_\_\_\_  
date                                      time                                      signature



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## SRWA Governing Board Special Meeting Minutes

July 16, 2015

The Stanislaus Regional Water Authority (SRWA) Governing Board held a special meeting on July 16, 2015, at City of Modesto, 1010 10<sup>th</sup> Street, 2<sup>nd</sup> Floor Conference Room 2001, Modesto, California.

Directors Present: Chris Vierra (Ceres), Bill Zoslocki (Modesto), Gary Soiseth (Turlock)  
Staff Present: SRWA: Steve Stroud, Rolly Stevens, Gloriette Genereux, Judy Rosa  
Ceres: Michael Brinton, Toby Wells  
Modesto: Larry Parlin, Jack Bond  
Turlock: Michael Cooke, Garner Reynolds, Roy Wasden, Phaedra Norton, Amy Bublak,  
Others Present: Stanislaus County Board – Vito Chiesa, Terry Withrow; TID - Joe Alamo (Board), Tou Her, Del Puerto Water District - Anthea Hansen, CHG Structural - Brad Hawn; City of Hughson – Raul Mendez, MID Board– Jake Wenger, and additional attendees from the public

- I. Call to Order - The special Board meeting was called to order at 5:00 p.m.
- II. Public Comments – None
- III. Unfinished Business
  - a. Consider adoption of the terms and conditions of the Water Sales Agreement (WSA) for the transfer of water between the Turlock Irrigation District (TID) and the Stanislaus Regional Water Authority (SRWA) (Action Item) – Michael Cooke gave a presentation on the background of the project and the specifics of the Water Sales Agreement being proposed for adoption. Michael stated that this project will provide a surface water supply that is currently not available, and TID will have a recycled water supply which they don't have right now, which will decrease the pumping of groundwater.  
  
Michael stated that the Board is being asked to vote on the WSA that the TID Board unanimously approved on the morning of Tuesday, July 14<sup>th</sup>, and the Turlock City Council voted Tuesday night to provide the 2,000 acre-feet of water to TID in consideration for this agreement.  
  
Chair Vierra asked what would happen if one of the cities decided not to participate, and Michael stated that the joint powers agreement (JPA) requires all three cities must agree on items brought before them to pass.  
  
Chair Vierra also asked if this agreement would limit the SRWA from receiving raw water from other sources, and Michael Cooke stated the JPA agreement does not limit the SRWA from receiving raw water from other sources.  
  
Vito Chiesa and Terry Withrow from Stanislaus County and Jake Wenger from MID Board supported the project and moving the WSA forward. They talked about the benefits to the region, and how it will help the water quality issues as well as increase the water table.



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Joe Alamo, TID Board member also wanted to express his feelings that this is a win-win situation. He stated he believes this agreement relieves TID's concerns about the North Valley Regional Recycled Water Project (NVRWWP) and he said that this shows TID and the SRWA are working together.

Chair Vierra commended staff that has worked on bringing this agreement to the Board and how glad he is here to be part of something that is very important for our region.

Director Zoslocki agreed that this is a historic effort, and commended staff also. He stated that he was struggling with some language in the agreement. He stated it was not about the water portion of the agreement, and supports Turlock's effort to negotiate with TID. His concern is related to the North Valley Recycled Water Project (NVRWWP) that is listed in the agreement. Since the NVRWWP is not part of the agreement, the reference may cause it to be penalized in the future is becoming an issue. He stated that July 31, 2015 is an important date as the NVRWWP partners will be meeting with the State Water Resources Control Board to get through one of the two final major environmental issues related to the project. He stated this current agreement is giving up some rights after that date. If there is no mention of the NVRWWP in this agreement before the Board, he doesn't believe there would be a problem with it. But there is a reference, and Modesto staff believes the agreement is not at a point where they are comfortable as it is currently written. He stated he will not be able to approve it today.

He stated Modesto first saw the agreement on Tuesday, and it would be very helpful that when changes to the agreement are made, they are tracked, so staff will not have to compare the previous version to the new version. He stated Modesto staff needs a few more days to review. He referenced the Board meeting next week, and that he would hope it could get resolved by then. He recommended that extra time is taken on the agreement so it is done correctly.

Vice Chair Soiseth stated that he believe Section 4.(o) is the sticking point for Modesto, and Director Zoslocki affirmed that. He stated that he believes we need to continue to move forward. He stated the agreement was posted the previous Friday and all staffs were made aware of the agreement posting. Gary stated that he believes there is a need for clarification of the agreement language, not any modification. He stated Turlock has put forth 2,000 acre-feet of recycled water to help keep moving this project forward. He stated that they are not just doing it for the surface water project, but also for the NVRWWP, as they want to see that project go forward because it is a great project for our region. He stated as far as he knows there is no aspect of this agreement that hasn't been discussed before; at least most of it has been on paper before as part of the previous drafts (3, 4, 5, and now #6). He stated there are about a dozen or so modifications received from TID as Draft #6. It has now been narrowed down to Section 4.(o) in the current agreement. He doesn't want this to delay progression as there is some wiggle room in the agreement. He believes clarification in the agreement can be allowed later on.



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Director Zoslocki asked for clarification from General Counsel Stevens, if there could be clarifications after the agreement is signed. Rolly stated that if the agreement is approved tonight, it stands as it is written. Rolly stated that 4.(o) when returned in Draft #6 had significant language added, and it is not clearly written. To change that under this agreement once it's signed, there's not an Amendment procedure in it, but it would require signatures by all parties. If one of the parties said no to a requested change, then it isn't changed because approving the agreement is a permanent step.

Tou Her from TID stated that the TID Board approved a resolution stating that TID staff would take a final negotiated agreement for the TID Board's approval. He stated he would take that clarification and the final negotiated agreement back to the TID Board. He stated that there's room available in the resolution that was approved.

Vice Chair Soiseth stated we've found our single point of friction he believes and agrees that a little more time for clarification on 4.(o) is good. He believes that this is good for the Turlock Subbasin, and all agree with that. He recommended the agreement be approved tonight, and then the staffs from the cities and TID can work on the wording changes needed, and present those to the SRWA Board at its regular meeting on 7/23 for final negotiation.

Director Zoslocki again asked for clarification from General Counsel Stevens. Rolly stated that the SRWA Board is being asked to approve this agreement in total tonight, so the motion would be the agreement minus 4.(o) to be introduced at some later time. Essentially the SRWA Board would be approving a different agreement than what was approved by the TID Board. Ultimately, the SRWA Board would be approving the whole agreement over again at its 7/23 meeting after updated 4.(o) language was agreed upon by all parties.

Vice Chair Soiseth asked that Turlock's City Attorney Phaedra Norton provide an opinion. She stated that the SRWA Board could approve the agreement stating that further negotiations are needed regarding 4.(o). She stated there is the paragraph that was adopted by the TID Board. In the interim there have been some discussions about modification to that paragraph, and there are 13 words that are in disagreement, or need further negotiation in 4.(o). She read the original language approved by TID and stated that Modesto recommended changes, and when those changes were presented to TID, TID added 13 additional words, which are:

"and the Final Environmental Impact Report for the North Valley Regional Recycled Water Program..."

Vice Chair Soiseth reminded the Board members the purpose and objectives of the SRWA are in general:

The Cities of Ceres, Modesto, and Turlock (Participants) are interested in finding and evaluating surface water supply options and facilities to serve municipal and industrial water to the customers within their service areas.



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He believes that the staff can work through the concerns of the 13 additional words and bring an updated agreement to the Board on 7/23. Chair Vierra asked if this updated agreement will need to go back to TID Board. Gary stated that TID is taking back to its Board whatever the SRWA votes on subject to final approval.

Tou Her stated that there has already been some clarification words that have been approved by TID. If SRWA approves the presented agreement and even with the clarification language, TID staff will take it back to its Board for approval and make that the final negotiated agreement. He stated that the following language takes care of the concerns:

"Absent except for a separate agreement between the City of Modesto and the District."

Tou believes this language should satisfy the concerns of the City of Modesto.

A motion was made by Vice Chair Soiseth to adopt the terms and conditions of the Water Sales Agreement for the transfer of water between the Turlock Irrigation District and the Stanislaus Regional Water Authority, subject to further negotiations on 4.(o).

At 4:45 p.m. a five- minute break was taken at the request of Director Zoslocki to talk with staff.

The Board reconvened at 4:50 p.m. and Chair Vierra reopened the meeting.

Director Zoslocki requested that the cities' staff meet with TID to work out the language issues, and then bring the updated agreement to the Board on 7/23/15. He stated this would be in the best interest of the City of Modesto. Otherwise, he would not be seconding the motion.

Chair Vierra seconded the motion. Vice Chair Soiseth made several comments related to Director Zoslocki's request, explaining how he believes the above motion covers his concerns.

Chair Vierra called for the vote, which was 2-1, and the motion did not pass.

A motion was made by Director Zoslocki to have cities' staff work with TID to work out the language issues, and bring the updated agreement to the SRWA Board at its 7/23/15 meeting for potential action. Motion was seconded by Vice Chair Soiseth, unanimously approved.



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- IV. Matters Too Late for the Agenda – None
  
- V. Adjournment – The meeting adjourned at 6:00 p.m.

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## SRWA Governing Board Meeting Minutes

July 23, 2015

The Stanislaus Regional Water Authority (SRWA) Governing Board met on July 23, 2015, at the City of Modesto, 1010 10<sup>th</sup> Street, 2<sup>nd</sup> Floor Conference Room 2001, Modesto, California.

Directors Present: Chris Vierra (Ceres), Bill Zoslocki (Modesto), Gary Soiseth (Turlock)  
Staff Present: SRWA: Steve Stroud, Rolly Stevens, Judy Rosa  
Ceres: Michael Brinton, Toby Wells, Daryl Jordan  
Modesto: Larry Parlin, Jack Bond, Steve Christensen, Leslie Vaughn, Jack Bond, Cindy Batista  
Turlock: Amy Bublak, Roy Wasden, Garner Reynolds  
Others Present: TID – Michael Frantz (Board), Roger Masuda, Tou Her, Casey Hashimoto, CHG Structural - Brad Hawn; City of Hughson – Raul Mendez, RMC – Lyndel Melton, Congress – Anna Ferreira, and members from the public

- I. Call to Order - The meeting was called to order at 10:00 a.m.
- II. Public Comments – None
- III. Consent Calendar
  - a. Approval of Minutes – It was moved to approve by Vice Chair Gary Soiseth, seconded by Director Bill Zoslocki, and carried unanimously to approve the minutes of the June 25, 2015 Board meeting.  

Vice Chair Soiseth asked that the record reflect that the powers of the Authority within the Joint Powers Agreement (JPA), there's a section that talks about the obligations of the cities for bonding and financing this project, and he just wanted to be clear that the SRWA is authorized, in its own name, acting through the Governing Board, to do all acts necessary or convenient for the exercise of its powers to accomplish its objectives, including, but not limited to Item B, which is to make and enter into contracts, and Item D, which is incur debts, obligations, and liabilities. He just wanted to express that the cities know, that going forward, that financing and funding mechanisms will need to be worked out to fund the project.
- IV. General Manager's Report – The General Manager stated he had nothing to report.
- V. Finance Director's Report – Steve Christensen provided the Board with information regarding the 4<sup>th</sup> quarter report.
- VI. Written Communications – None



VII. Unfinished Business

- a. Continuation of Discussion regarding approval of the Water Sales Agreement with Turlock Irrigation District (TID) – Steve stated that the Board directed staff at its 7/16/2015 meeting to meet with TID to find a resolution for Section 4 (o) that was problematic for the City of Modesto in the agreement. The cities and SRWA staff met, and then met with TID and it was decided to eliminate Section 4 (o) altogether.

All three Board members shared comments on the hard work and effort by TID, the cities' staff and SRWA staff to bring this Water Sales Agreement to a vote.

It was moved to approve by Director Bill Zoslocki, seconded by Vice Chair Gary Soiseth, and carried unanimously to approve the Water Sales Agreement with Turlock Irrigation District.

VIII. New Business - None

IX. Matters Too Late for the Agenda – None

- X. Board Comments – Vice Chair Soiseth stated that this Agreement not only moves forward a reliable water source for our cities, but also helps us move forward on our recycled water projects, and other out-of-the-box water projects for our region. Chair Vierra agreed that this project will also enhance our groundwater sustainability

- XI. Items for Next Agenda – Vice Chair Soiseth recommended to not have the performance review for the Interim General Manager today, but to include it for the next agenda along with a performance review for the General Counsel.

It was moved to approve by Vice Chair Gary Soiseth, seconded by Director Bill Zoslocki, and carried unanimously to place Closed Session items on the August 27, 2015 meeting agenda to hold performance reviews for the Interim General Manager and the General Counsel.

- XII. Adjournment – The meeting adjourned at 10:12 a.m.



# STANISLAUS REGIONAL WATER AUTHORITY

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**DATE:** August 27, 2015  
**TO:** SRWA Board  
**FROM:** Steve Stroud, General Manager  
**SUBJECT:** General Manager's Report

I am pleased to present the General Manager's Report to keep the SRWA Board informed of SRWA activities and progress in key areas. This report will be posted on the SRWA website to facilitate public access.

### **Technical Advisory Committee (TAC) Activities**

TAC met in Modesto on August 13, 2015. All SRWA member agencies were represented and key SRWA staff was present at the meeting. TAC briefly discussed draft minutes of the July 16<sup>th</sup> and July 23<sup>rd</sup> Board meetings. The primary focus of the meeting was developing a consensus on the best way to carry out the Board's interest in moving the project forward expeditiously. Details will be provided in the staff report on Next Steps.

### **Financial**

No significant changes during this period.

### **Professional Services**

No consulting services during this period.

### **Turlock Irrigation District Update**

Aside from final signatures on the joint TID/SRWA Water Supply Agreement, there is no new information.

### **Oakdale Irrigation District**

No new information.

### **Public Outreach Activities**

Aside from normal postings on the SRWA website, there was no activity during this reporting period.

### **Legislative & Regulatory Update**

No Legislative activity during this reporting period.

### **Other Topics**

None.



# STANISLAUS REGIONAL WATER AUTHORITY

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**DATE:** August 27, 2015  
**TO:** SRWA Board  
**FROM:** Gloriette Genereux, Finance Director  
**SUBJECT:** Finance Director's Monthly Report

The purpose of the monthly Finance Director's report is to keep the SRWA Governing Board fully informed of SRWA financial activities. This reporting period covers the first quarter of FY 2015-16.

**JPA - Stanislaus Regional Water Authority  
Fund Operating Revenues and Expenses  
Fiscal Year 2015-2016**

Revenue	Sep-15 Qtr.1	Dec-15 Qtr.2	Mar-16 Qtr.3	Jun-16 Qtr.4	YTD	Budget
City of Ceres (22%)	\$ 808	\$ -	\$ -	\$ -	\$ -	\$ 808
City of Modesto (22%)	\$ 808	\$ -	\$ -	\$ -	\$ -	\$ 808
City of Turlock (56%)	\$ 2,056	\$ -	\$ -	\$ -	\$ -	\$ 2,056
<b>Total Revenue</b>	<b>\$ 3,671</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,671</b>
<b>Expense</b>	<b>Sep-15 Qtr.1</b>	<b>Dec-15 Qtr.2</b>	<b>Mar-16 Qtr.3</b>	<b>Jun-16 Qtr.4</b>	<b>YTD</b>	<b>Budget</b>
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
Training Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
Business Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Professional Services	\$ 1,014	\$ -	\$ -	\$ -	\$ 1,014	\$ 83,572
ISF - Mail Services - Inside	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30
City of Modesto Services	\$ 2,657	\$ -	\$ -	\$ -	\$ 2,657	\$ 31,976
<b>Total Expenses</b>	<b>\$ 3,671</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,671</b>	<b>\$ 126,278</b>

\*July 2015 Costs Only



# STANISLAUS REGIONAL WATER AUTHORITY

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**DATE:** August 17, 2015

**TO:** SRWA Board, and Interim General Manager

**FROM:** Judy Rosa, SRWA Board Secretary

**SUBJECT:** Resignation from SRWA Board Secretary Position

I have decided that with the added workload of my current position with the City of Modesto that I must resign from the SRWA Secretary position at the end of 2015. My last meeting will be the Board meeting scheduled for November 19, 2015.

Thank you for the privilege of serving as Secretary to the Board these last numbers of years. I'll be more than happy to train whoever replaces me prior to the last meeting. Thank you.

  
Judy Rosa



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## ACTION AGENDA SUMMARY

**AGENDA DATE:** August 27, 2015

**BOARD AGENDA Item #:** VIII.a.

**Subject:**

**SRWA Project: Next Steps**

**Recommendation:**

Provide direction to staff on (1) support for the design-build versus the design-bid-build process; and (2) on selecting an owner's advisor, as recommended by consensus of the Technical Advisory Committee.

**Fiscal Impact:**

Approval of the Water Supply Agreement will lead to changes to the adopted \$92,730 FY 2015-16 budget. This year's expenses will likely come closer to recent year budgets (\$1.3 Million). Direction from the Board will not have an immediate impact on our rate of expenditures. All significant follow-up actions (i.e. contract approvals) will come back to the Board for approval and funding.

**Discussion:**

Now that the TID/SRWA Water Supply Agreement has been approved, the schedule needs to be updated. Immediate tasks:

1. Request TID to update District Delivery Facilities CEQA, which was completed in 2006.
2. Request TID to make application to the State Water Resources Control Board (SWRCB) for needed water rights changes (type of use and place of use).
3. Develop planning level estimates for the Project, so the cities can begin their Prop 218 processes.
4. Update CEQA for the Project, including the facilities needed to meet SRWA obligations for "Offset Water".

The TID driven items can be initiated with a letter, followed with funding when cost parameters have been identified by TID.

How the Project will be implemented will have a significant impact on the steps needed and very likely the time required for implementation.

Construction of the Project could be done through a design-build process or the more traditional design-bid-build process.

- Design-build (D-B) is a project delivery system in which design and construction services are contracted by a single entity known as the design-builder or design-build contractor. This process may be the best way to leverage earlier design work done under TID contracts.



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- Design-bid-build (DBB) process is far more commonly used for large, complex public sector projects, so it is more familiar to public agencies. Each of the phases – design, bid, and build are discrete steps with separate contracts. It is noted more for its protection of public funds than its speed of execution.

Due to the differences in implementation, it will be helpful to understand the Board's views of the acceptability and preference for – or lack thereof – of these two options.

The Technical Advisory Committee consensus of the most expeditious way to move the Project forward is to retain a "project owner's advisory service" to perform the heavy lifting required to manage the Project in a D-B environment. None of the cities have sufficient staff available to manage a project of this size and complexity, regardless of method of delivery.

Selecting an "owner's advisory service" would be done through a Request for Proposals (RFP) process. The City of Modesto is currently involved in a project that will use an owner's advisor and is excited about the potential benefits of the process – largely due to cost and time constraints.

Regardless of the Board's preferences, staff will return to the Board to award contracts for necessary services.

Staff is looking to the Board for support for – or modification of – the TAC consensus to begin with an RFP process to select an owner's advisor for support through the D-B process.

A handwritten signature in black ink that reads "Steve M. Stroud".

Prepared by:

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Steve Stroud, Interim General Manager