

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
SEMITROPIC, BUTTONWILLOW, POND-POSO,  
AND WILDLIFE IMPROVEMENT DISTRICTS  
OF SEMITROPIC WATER STORAGE DISTRICT

Convened at 12:30 p.m. on Wednesday,  
March 10, 2021

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, March 10, 2021, at 12:30 p.m., via Conference Call. Pursuant to Executive Order N-29-20, Issued by Governor Newsom on March 17, 2020, and guidance by the California Department of Public Health dated March 16, 2020, the meeting was conducted by teleconference due to the COVID-19 Virus Pandemic. The District offices are located at 1101 Central Avenue, Wasco, California. Those joining the meeting included:

Directors: Jeff Fabbri, Phil Portwood, Tim Thomson, Tom Toretta,  
Todd Tracy, Dan Waterhouse and Rick Wegis;

Directors Absent: None

Other Participants: General Manager, Jason Gianquinto;  
District O & M Superintendent, John Lynch;  
District Controller, Bobby Salinas;  
District Engineer, Isela Medina;  
District Contract Administrator, Becky Ortiz;  
District Accounting Supervisor, Mariela Garza;  
District Executive Secretary, Marsha Payne;  
District's Legal Counsel, Steve Torigiani;  
District's Consulting Engineers, GEI Consultants,  
Inc., Represented by Larry Rodriguez;  
W.M. Lyles Representative, Rick Amigh;  
Balance Public Relations Representative, Dean Florez;  
REDTrac Representative, Greg Allen;  
Jon Reiter, Kevin Assemi, Lindsay Cedarquist,  
Molly Thurman, Don Wright, Stacie Ann Silva,  
Brent Hankins, Leta Spencer, John Gaugel,  
Tim Gobler, Kristie Robinson, John Ocana,  
Andrew Garcia, Geoff Vanden Heuvel and  
Scott Rhodes.

President Waterhouse opened the meeting and welcomed all guests. Roll call was taken for Board Members, District Staff and Consultants.

**ACTION ITEMS**

Note: The President announced all Action Items will be conducted by a Roll Call vote.

## **Approval of Agenda**

There being no new items to consider, the Agenda for the March 10, 2021 Board of Director's meeting was unanimously approved as posted.

## **Minutes**

The Minutes of the Regular Semitropic Water Storage District Board Meeting and the GSA Board Meeting on February 10, 2021 were presented for approval.

On motion by Director Portwood, seconded by Director Tracy, the Minutes of the Regular Semitropic Board Meeting and GSA Meeting on February 10, 2021 were approved as presented. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Portwood, Thomson, Toretta, Tracy,  
Waterhouse and Wegis  
Noes: None  
Abstain: None  
Absent: Director Fabbri

The President announced that the motion carried.

## **Treasurer's Report**

The Treasurer's Reports for February 2021 were presented for review and approval.

On motion by Director Toretta, seconded by Director Portwood, the Treasurer's Reports for February 2021 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Portwood, Thomson, Toretta, Tracy,  
Waterhouse and Wegis  
Noes: None  
Abstain: None  
Absent: Director Fabbri

The President announced that the motion carried.

## **Financial Reports**

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual Cash Flow Report for February 2021, as well as the Projected Cash Flow Report for 2021. The projected amounts are from the Board approved Budget set in October 2020; however, the Banking Partners have made substantial requests for recovery which will change the financial outlook. The Budget will be updated for the June 2021 Board Meeting.

**Accounts Payable**

The Cash Disbursement List for March 10, 2021 was presented for review and payment.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized payment of the Accounts Payable as listed on the March 10, 2021 Disbursement List for Semitropic Water Storage District and Semitropic Improvement District. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

- Ayes: Directors Portwood, Thomson, Toretta, Tracy,  
Waterhouse and Wegis
- Noes: None
- Abstain: None
- Absent: Director Fabbri

The President announced that the motion carried.

A copy of the Disbursement List presenting the payments that were approved is attached hereto as "Exhibit A."

**Consider Continuation of Emergency Declaration (Public Contract Code Sect. 22050 (a)(1)) to Address Immediate Replacement of Lateral CE Near HSRA Peterson Road Bridge Overpass**

The Manager reported that each month, while the project is on-going, the Board must revisit the Emergency Declaration monthly and take action each month to continue the Emergency Declaration until the project is completed. District Engineer, Isela Medina, reported that construction has begun and the project is scheduled to be completed in April 2021.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized Continuation of Emergency Declaration (Public Contract Code Section 22050 (a)(1)) for immediate action on replacement of Lateral CE Near HSRA Peterson Road Bridge Overpass. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

- Ayes: Directors Portwood, Thomson, Toretta, Tracy,  
Waterhouse and Wegis
- Noes: None
- Abstain: None
- Absent: Director Fabbri

The President announced that the motion carried.

Director Fabbri joined the meeting.

**Review 2020 Et Summary for Lands Within the District and Authorize Issuance of Landowner Statements for Basin Sustainability Charges/Credits**

Manager Gianquinto reviewed and discussed the 2020 Et Summary data with the Board. With regard to the discussion of the valuation of the District's stored water for the purpose of converting a Landowner's Basin Sustainability Credit to a stored water supply, the Board discussed the appropriate valuation of the District's stored water supplies. The landowner would also have a choice to roll over as a credit on the account toward 2021 charges or take as a cash refund.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized the release of landowner statements for Basin Sustainability Charges/Credits, and set the valuation of the District's stored water account for purposes of converting a Landowner's Basin Sustainability Credit to a stored water supply at \$350.00 per acre-foot, the same as the 2019 rate. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis  
Noes: None  
Abstain: None  
Absent: None

The President announced that the motion carried.

**Consider 2021 Dry Year Water Supply Program**

The Manager reported that with only a 10% SWP allocation from the State, the District requested the Board to consider a 2021 Dry Year Water Supply Program as an additional response to local water needs. Discussion followed regarding terms of allocation for the water.

On motion by Director Wegis, seconded by Director Tracy, the Board authorized approximately 10,000 AF of 2021 Dry Year Water Supply to be made available to all District landowners at \$650.00/AF and the opportunity to submit a participation request on a first come, first serve basis. Final allocations will be determined at a later date. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis  
Noes: None  
Abstain: None  
Absent: None

The President announced that the motion carried.

### **Consider SWSD Energy Rates for 2021**

District Engineer, Isela Medina, reported that due to increases in the PG&E tariffs, staff has evaluated the current power charges currently charged to the District power customers and has considered increases in the PGE tariffs.

The cost to the District to operate its Energy Project is based upon the following: 1) the costs to purchase power directly from PG&E; 2) the Energy Project debt service; and 3) cost to operate the Energy Project. In this regard, staff is recommending that the new energy rates/charges be set at \$0.175/Kwh based upon the cost to the District to operate its Energy Project. Discussion followed.

On motion by Director Wegis, seconded by Director Thomson, the Board authorized the District's 2021 power charges for Semitropic energy sales be set at \$0.175/Kwh affective April 1, 2021. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis  
Noes: None  
Abstain: None  
Absent: None

The President announced that the motion carried.

### **Consider Emergency Water Rates for 2021**

With the dire nature of this water year, it is necessary to clarify the District's policy as to who is eligible for emergency water service and what is deemed an emergency. In the past, various District water users have requested Emergency Water in an effort to save their crops already in production. It is District Policy for requests to be made directly to the General Manager who helps determine a true emergency situation. A 3 Tier System has worked in the past and Staff recommends the 2021 Emergency Water Rates are as follows:

Tier 1 - \$400/AF for first time requests who indicate well problems but intend to repair same;

Tier 2 - \$600/AF for water users who did not fix their well and are still having problems;  
and

Tier 3 - \$1,000/AF for repeat offenders.

Discussion followed regarding a scenario that if a landowner requested emergency assistance, subject to the General Manager's discretion, the landowner could use a District well until the landowner's well is repaired.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized the General Manager to exercise his discretion in determining whether an emergency exists in the event emergency assistance is requested by a landowner, subject to the above-described 3 Tier System and Emergency Water Rates. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis  
Noes: None  
Abstain: None  
Absent: None

The President announced that the motion carried.

### **SEMITROPIC WSD GSA UPDATE**

At 1:12 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Water Storage District Groundwater Sustainability Agency.

The Manager reported that Staff and Consultants are working to complete the 2020 Annual Report which is due to be submitted to California Department of Water Resources in April 2021.

Larry Rodriguez of GEI Consultants stated that the supplemental report will cover in-depth information on the District's SGMA activity.

Discussion continued regarding the proposed Landowner Water Budget Program (Management Action No. 1).

The GSA meeting concluded at 1:50 p.m. See the separate Minutes of the Semitropic GSA Meeting for discussion topics and any action taken.

### **CONSULTANT REPORTS**

#### **Build/Design Team Construction Update**

W.M. Lyle's Representative, Rick Amigh, reported that the Raw Water Processing Plant commenced treatment on March 1, and will be ramped up until June, at which time it will be reduced to allow for in-District demand. Operations will most likely resume during September through December 2021 for pumpback.

On the Pond Road Solar Interconnection Facilities, the District is working with PG&E to execute the Conditional Permission to Operate Agreement while the telemetry work is in progress. An additional deposit will be required and that is being determined by PG&E.

On the XYZ System Extension, engineering work continued on two new pipeline extensions and turnouts. A landowner meeting was held in February to discuss the location of turnout and existing pipelines.

Engineering and material procurement is in process on Lateral CE Pipeline Replacement. Construction is scheduled to commence in early March, pending final delivery schedule of the steel casing.

## **Consulting Engineer's Report**

Larry Rodriguez from GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during February 2021, which was accepted for filing.

Construction management services on the Cox Canal Intertie continued with observation of construction activities, including concrete placements for the Inlet Structure, forming the wall and reinforcing steel installation, as well as installing conduit for the electrical pad.

Engineering peer review on the HSR included reviewing transmissions between SWSD and CRB regarding the 60% design package by CRB and a new proposed Canal P-1030 temporary bypass concept consisting of a canal coffer dam, pump stations and pipeline.

SGMA Implementation support continued on preparation of comments on the District's GSP report for DWR. Other activities included continued development of the groundwater model and completion of the Integrated Water Flow Demand Calculator (IDC) component and integration with the MODFLOW model. The Ag Water Management Plan 2020 Update is in the completion stage and will be presented to the Board for adoption in the near future.

## **Balance Public Relations**

Dean Florez of Balance Public Relations reported on various bills presented by the California State Legislature. Discussion followed regarding the recall efforts on Governor Newsom and various potential candidates to fill the position should it become vacant.

## **REDTrac Update**

Greg Allen reported that there are 320 District well sites connected to the District telemetry and Phase 2 Telemetry Project is ready to go on-line soon. Discussion followed on the District's power grid and a Board Committee meeting was called for further discussion.

## **INFORMATIONAL AND UP-DATE ITEMS**

Manager Gianquinto discussed his written report on "District Activity During February" dated March 5, 2021, which was included as part of the Board packet. In addition, the following items were presented:

The Manager reported that the District continues to operate in accordance with the Governor's Executive Order N-33-20. The District office and field office remain closed to the public and District staff are adhering to the social distancing guidelines. District staff are participating in meetings by conference call or video conferencing. On June 26<sup>th</sup>, in adherence to the updated guidance from the CDPH, the District updated its COVID-19 Policy to include the requirement to wear face coverings per the CDPH guidance. There have been no recent updates on the Governor's Executive Order.

Regarding the proposed Delta Conveyance Project (DCP), DWR is continuing to develop the EIR for the Project and there has been an indication that the Bureau of Reclamation may re-engage in the Project.

On the State Water Project, the allocation remains at 10%. In regard to Banking operations, the District has received recovery requests from all Banking Partners with a total of 146,000 AF requested for return as of this date.

On February 17<sup>th</sup>, the District General Manager participated on a panel for the Urban Water Institute's virtual conference, Topic: Potential Impact of Implementing SGMA in the San Joaquin Valley: SGMA Impact on California Agriculture and Adaptions to Preserve California Agriculture. The Manager reported that it was a good session with active participant discussion.

At the February 24<sup>th</sup> Kern Groundwater Authority Board Meeting, the KGA Attorney provided a Summary of the WARDER Report and Climate Change Report from the State Water Resources Control Board. Discussion followed.

District Engineer, Isela Medina, reported that the District is still acquiring PG&E Authorization forms for telemetry on the REDTrac wells. Staff is coordinating with District landowners to continue service to them during shutdown for construction of Lateral CE Replacement Project. Staff, consultants and legal counsel continues on work to resolve issues related to the High Speed Rail Project.

Operations and Maintenance Superintendent, John Lynch, reported that recovery operations have begun with almost 280 cfs running from District wells. Pumpback will continue until irrigation season begins, at which time the District will provide water to landowners for irrigation, then re-start pumpback operations in the fall.

At 2:38 p.m. President Waterhouse adjourned the Regular Board meeting.

### **Closed Session**

At 2:45 p.m. the meeting continued with Closed Session.

Participants included:

Directors: Jeff Fabbri, Phil Portwood, Tim Thomson, Tom Toretta,  
Todd Tracy, Dan Waterhouse, and Rick Wegis;

Directors Absent: None

Others: General Manager, Jason Gianquinto;  
District O & M Superintendent, John Lynch;  
District Controller, Bobby Salinas;  
District Engineer, Isela Medina;  
District Contract Administrator, Becky Ortiz;  
District Accounting Supervisor, Mariela Garza;  
District Executive Secretary, Marsha Payne; and

District's Legal Counsel, Steve Torigiani and  
Special Counsel, Kevin O'Brien.

The District's legal counsel, Steve Torigiani, stated that a closed session was needed to discuss various closed session matters, including the following items of pending and anticipated litigation.

**a. Conference with legal counsel Re: Pending Litigation (Gov't. Code § 54956.9(d))**

- 1) *Various applications filed for Kings River Water by Semitropic WSD, et al.; Petition for Change of Points of Diversion, etc. (License 11521) filed by Kings River Water Assn.; and related matters and proceedings, before the State Water Resources Control Bd.*
- 2) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 3) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*
- 4) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*
- 5) *Buena Vista Water Storage District v. Kern Water Bank Authority, et al. Re: KWBA Kern River EIR (Case No. BCV-19-100122)*
- 6) *California Department of Water Resources v. All Persons Interested, etc. "Complaint for Validation" Re: Delta Program Revenue Bonds*

**b. Conference with legal counsel Re: Anticipated Litigation: Possible exposure to litigation pursuant to Gov't. Code § 54956.9 (d) (2).**

- 1) *Two Potential Cases*

**c. Conference with legal counsel Re: Anticipated Litigation: Possible initiation of litigation pursuant to Gov't. Code § 54956.9 (d) (4).**

- 1) *Two Potential Cases*

**d. Conference with Real Property Negotiator (Gov't. Code § 54956.8)**

District's Designated Representative: General Manager  
Under Negotiation: Price and Terms of Payment

- 1) *Property: State Water Project Supplies*
  - a. *Negotiation With: California Department of Water Resources, Kern County Water Agency and its Member Units, And State Water Contractors*
- 2) *Acquisition of Water Supplies*
  - a. *Negotiation with: Multiple sellers*

At 3:45 p.m. the Board reconvened to open session.

President Waterhouse stated that several items were discussed. No reportable action was taken.

**Adjournment**

The meeting was adjourned at 3:45 p.m. by President Waterhouse.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President