

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 11, 2020

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, March 11, 2020, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

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

Directors Absent: None;

Others Present: 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;
WM Lyles Representative, Rick Amigh;
REDTrac Representative, Greg Allen;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks;
North West Kern RCD Representative, Brian Hockett;
Scott Hamilton of Hamilton Resource Economics;
Others in Attendance: Greg Wegis, Garrett
Busch, Stacie Ann Silva, Chad Carroll, Molly
Thurman, Jon Reiter, Lindsay Cedarquist, Kevin
Assemi and Geoff Vanden Heuvel.

President Waterhouse opened the meeting with the flag salute, then introduced and welcomed all guests.

PUBLIC COMMENTS

Scott Hamilton, of Hamilton Resource Economics, gave a presentation on "Developing A Water Blueprint for the San Joaquin Valley", which was also presented at the 2020 Kern County Water Summit sponsored by the Water Association of Kern County.

Mr. Hamilton stated that the valley contains critically overdrafted basins and there is not enough water in the valley to meet all agricultural, environmental and urban needs. It is imperative that everyone gets involved and participates in a solution. The Water Blueprint for the San Joaquin Valley sited a three-part solution: 1) Finding water for the Valley; 2) Conveyance; and 3) Beneficial use – changing the groundwater balance, enhancing ecosystems and helping people.

California as a State has enough water to sustain the State but most water goes to the Delta and out to the ocean. Significant discussion followed regarding possibly additional recharge ponds for the District to store water and create habitat areas.

President Waterhouse thanked Mr. Hamilton for the presentation and stated that Semitropic would be willing to participate, along with other districts, in a San Joaquin Valley Water Resources plan for the good of the District and its water users.

ACTION ITEMS

Approval of Agenda

There being no new items came to consider, the Agenda for the March 11, 2020 Board of Director's meeting was unanimously approved as posted on motion by Director Portwood, seconded by Director Tracy.

Minutes

The Minutes of the Regular Board Meeting on February 12, 2020 were presented for approval.

On motion by Director Portwood, seconded by Director Tracy, the Minutes of the Regular Board Meeting on February 12, 2020 were approved as presented.

The Minutes of the GSA Board Meeting on February 12, 2020 were presented for approval.

On motion by Director Portwood, seconded by Director Tracy, the Minutes of the GSA Board Meeting on February 12, 2020 were approved as presented.

Treasurer's Report

The Treasurer's Reports for February 2020 were presented for review and approval.

On motion by Director Toretta, seconded by Director Portwood, the Treasurer's Reports for February 2020 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Financial Reports

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report. Mr. Salinas stated that the Budget approved by the Board at the October 2019 meeting is still being used; however, the financial situation changes day-to-day and will be reflected in the Budget update in late Spring 2020.

Accounts Payable

The Cash Disbursement List for March 11, 2020 was presented for review and payment.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the March 11, 2020 Disbursement List for Semitropic Water Storage District and Semitropic Improvement District. A copy of the Disbursement List presenting the payments that were approved is attached hereto as "Exhibit A."

Consider Resolution for Refinancing of 2018 Installment Purchase Contract

Manager Gianquinto reported that the District took out short-term financing in 2018 to construct a portion of the XYZ System of the SWRU. With the current low interest rates, there is an opportunity for the District to refinance the current debt with an Installment Purchase Contract with CN Financing for a savings of about \$500,000. Discussion followed.

On motion by Director Wegis, seconded by Director Thomson, the Board authorized District staff to proceed with the refinancing of the 2018 Installment Purchase Contract by way of Resolution No. SID 20-01:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SEMITROPIC
IMPROVEMENT DISTRICT OF SEMITROPIC WATER STORAGE
DISTRICT OF AN INSTALLMENT PURCHASE CONTRACT AND
AUTHORIZING THE EXECUTION OF OTHER NECESSARY
DOCUMENTS AND RELATED ACTIONS

Consider GEI Task Order 05-2020 GW Model Development and Evaluation of the Groundwater Banking Rule

The Manager presented GEI Task Order 05-2020 Groundwater Model Development and Evaluation of the Groundwater Banking Rule for Board consideration. A new platform is being developed in an effort to meet both Semitropic’s operational and planning needs, as well as Sustainable Groundwater Management Act (SGMA) related requirements. It is intended that the resulting modeling tools would support the District with regard to 1) evaluation of the performance of existing projects (including the Groundwater Rule), and 2) evaluation of proposed projects with regard to feasibility and CEQA. The proposed work has a fixed fee budget of \$425,000. Discussion followed regarding the specific tasks that will be performed in the development of the model.

On motion by Director Wegis, seconded by Director Tracy, the Board authorized execution of GEI Task Order 05-2020 Groundwater Model Development and Evaluation of the Groundwater Banking Rule.

Consider Award of Construction Contract for the Well Telemetry Project, Phase 2

District Engineer, Isela Medina, reported that two bid proposals were received for the Well Telemetry Project, Phase 2. The bid analysis was reviewed, and it was recommended that the Project be awarded to Water Associates, LLC based on the bid amount and conformance with the bidding provisions of the Contract Documents.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized Award of Contract to Water Associates, LLC for the Well Telemetry Project, Phase 2. Director Wegis abstained from discussion and voting.

Consider Extension of Consultant Service Agreement with Balance Public Relations

Manager Gianquinto stated that there are two Consulting Service Agreements with Balance Public Relations, with monthly retainer fees of \$2,000 for an Education Project and another for \$12,000 per month fee for Legislative & Regulatory Advocacy. It was proposed that the Education Project amount be eliminated, and the main contract be reduced by \$500.00 which would be a single invoice for a total of \$13,500.00 per month for Legislative & Regulatory Advocacy. Discussion followed.

On motion by Director Wegis, seconded by Director Portwood, the Board authorized extension of a Consultant Service Agreement with Balance Public Relations for \$13,500 for 30 months ending August 31, 2022 (or renewed and extended before that date).

Review 2019 Summary for Lands Within the District and Authorize Issuance of Landowner Statements for Basin Sustainability Charges/Credits.

Manager Gianquinto reviewed and discussed the 2019 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.

On motion by Director Wegis, seconded by Director Portwood, 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.

Consider Continuation of Emergency Declaration (Public Contract Code Sect. 22050 (a)(1) for Addressing Structural Support Maintenance at Designated Pumping Plants

The Manager stated that the District has an obligation to revisit the Continuation of Emergency Declaration each month. The District Engineer reported that the Structural Support

Maintenance at Designated Pumping Plants Project is now completed and there is no need to continue the Declaration.

On motion by Director Fabbri, seconded by Director Thomson, the Board authorized the Emergency Declaration for Addressing Structural Support Maintenance at Designated Pumping Plants to be discontinued, as the project has been completed.

Consider Resolution (1) Adopting Final IS/MND & Mitigated Monitoring and Reporting Program for the Cox Canal Pumping Plant and Intertie Project, and (2) Approving Project

Isela Medina presented a Resolution for Board consideration to Adopt the Final IS/MND & Mitigated Monitoring and Reporting for the Cox Canal Pumping Plant and Intertie Project, and to Approve the Project. All required documentation was submitted to the proper authorities and the public was “Noticed” for review and comments. No comments were received. Staff recommended that the Board adopt the environmental documents and approve implementation of the project.

On motion by Director Wegis, seconded by Director Toretta, the Board adopted Resolution No. ST 20-01:

ADOPTION OF FINAL INITIAL STUDY AND MITIGATED NEGATIVE
DECLARATION AND MITIGATION MONITORING AND REPORTING PROGRAM
FOR THE SEMITROPIC WATER STORAGE DISTRICT COX CANAL PUMPING
PLANT AND INTERTIE PROJECT, AND APPROVAL OF THE PROJECT

Consider Amending the SWSD Energy Electrical Rates for 2020

Isela Medina presented a proposal to amend the District’s energy rates for calendar year 2020. Due to excess capacity in its electrical distribution system, the District currently makes energy available to landowners at a rate of \$0.157/Kwh.

Due to increases in the cost to purchase power directly from PG&E, the Energy Project debt service, and cost to operate the Energy Project, staff recommends that new energy rates/charges be set based upon the cost to the District to operate its Energy Project at \$0.172/Kwh.

On motion by Director Toretta, seconded by Director Portwood, the Board amended the Semitropic Energy Electrical Rates/Charges to be set at \$0.172/Kwh for 2020.

SEMITROPIC GSA UPDATE

At 1:55 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto gave a presentation on the 2019 Water Budget Overview and the Annual SGMA Report. Discussion followed on the subsidence issue along the California Aqueduct.

The GSA meeting concluded at 2:20 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, Rich Amigh, reported that Lyles has continued to work with the PGE transmission department on the Pond Road Solar Interconnection Facilities application; however, progress has been very slow. The interconnection electrical equipment has been installed and tested. The Solar EPC is scheduled to complete field work in late March and the plant will be ready for commissioning and operation in April.

The Junction Pumping Plant Flow Meter was installed in January and the final calibration is scheduled for early March after the 120" pipeline is refilled with water.

The emergency Pump Platform repairs have been finished as well as the repairs on the 120" pipeline.

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 2020, which was accepted for filing.

Activity during the month included communication with DWR staff in Sacramento and the Poso Creek IRWM Group regarding DWR's draft IRWM funding award for several proposed projects.

The Diltz Intertie has been completed and is now operational. A technical memorandum presenting results of landowner subsurface recharge projects showed that the Portwood and Wegis recharge projects have done quite well.

Activities on the Cox Canal Intertie Project included project management and preparation and submittal of 90% drawings, specifications and construction cost estimates.

GEI and the District worked together on the implementation of the GSP. GEI has supported the District with evaluation of subsidence conditions and has engaged DWR regarding subsidence along the California Aqueduct. GEI also worked with the District to update the landowner groundwater pumping invoices and the refinement of landowner water budgets.

Groundwater Storage Services, Inc.

Will Boschman reported that Agua Via is working to find a suitable project location that has a water source that is unsuitable for irrigation purposes and is also located in an area where it can be reasonably conveyed through existing facilities to areas of demand. Financing is also an issue to be resolved.

Aqua Planet continues to have delays because the transfer of funds is complicated and involves many other key businessmen, bankers, lawyers, etc. from various parts of the world in order to finalize the documents needed for them to get funded.

Mr. Boschman reported on various topics that were discussed at the State Water Contractors meeting, including water operations under dry conditions, power point presentation of staff objectives/tasks for 2020, detailed preliminary budget presentation, and detailed report on legislation.

No progress has been made on the restructuring of the Southern California Water Bank Authority.

Balance Public Relations

Dean Florez of Balance Public Relations reported on recent meetings he arranged with several State Legislators, the Department of Water Resources and State Water Contractors in Sacramento which was also attended by a Committee of the Board and the General Manager. President Waterhouse stated that it was a great trip to meet with the right people regarding water and agricultural issues.

Mr. Florez also reported on various legislative bills coming out that are of interest to the District.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During February" dated March 6, 2020 was accepted for filing. In addition, the following items were presented:

The Manager reported that the SWP Allocation remains at 15%. The District is currently receiving requests from Banking Partners to return water which means District staff will be preparing for pumpback operations.

The North West Kern RCD recently received notification that FEMA and CalOES has obligated funds for the Poso Creek Levee Repairs incurred from 2017 storm damages.

Closed Session

At 2:50 p.m. the District's legal counsel, Steve Torigiani, stated that a closed session was needed pursuant to the following:

- a. Conference with legal counsel Re: Pending Litigation (Gov't. Code § 54956.9(d))**
 - 1) *Wilbur-Ellis Co. v. Semitropic Water Storage Dist., et al., and related actions*
(Coordinated as JCCP 4901)
 - 2) *Central Delta Water Agency et al v. California Department of Water Resources et al.*
(Sacramento County Superior Court, Case No. 34-2010-80000561: Fifth Appellate District, Case No. C078249) *Re: Monterey Plus EIR/Reverse Validation*

- 3) *Center for Food Safety, et al, v. Department of Water Resources, et al. (Sac Sup #34-2016- 80002469; Fifth Appellate District, Case No. C086215)) Re: Monterey Plus KWB EIR*
- 4) *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.*
- 5) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 6) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*
- 7) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*
- 8) *California Department of Water Resources v. All Persons Interested, etc. "Complaint for Validation" Re: WaterFix Bond Validation Action (JCCP 4942)*
- 9) *Buena Vista Water Storage District v. Kern Water Bank Authority, et al. Re: KWBA Kern River EIR (Case No. BCV-19-100122)*

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) One Potential Case

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

District's Designated Representative: General Manager

- 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

At 5:25 p.m. the Board reconvened to open session. President Waterhouse stated that several items were discussed but no reportable action was taken.

Adjournment

The meeting was adjourned at 5:30 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, March 25, 2020 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President