

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,
May 16, 2018

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, May 16, 2018, 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, Tom Toretta,
Todd Tracy, Dan Waterhouse and Rick Wegis;

Directors Absent: Tim Thomson,

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 Consultants, Will Boschman and John Jones;
District's Legal Counsel, Ernest Conant and
Steve Torigiani;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez and Satya Gala;
W.M. Lyles Representative, Rick Amigh;
Wonderful Orchards Representative, Danielle Duncan;
Aviva Representative, Greg Allen;
Agua Via Representatives, Floyd Wicks;
District landowners and others: John Wedel,
John Miller, Steven Piggott, Vahid Salehi and
Roman Took.

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

PUBLIC COMMENT

District landowner, John Miller, addressed the Board regarding Contract Water Supply costs and assessment charges. Staff broke down the charges and discussion followed with the Board

stating that the District is looking ahead to complying with State Groundwater Management Act (SGMA) Rules. President Wegis suggested a workshop with growers to help all District landowners understand the new law and why the District charges have gone up.

Roman Took addressed the Board regarding the possibility of annexing his land into the District. The property is located at the Tulare-Kern County line, is in the white lands area and would need to bring in its own water supply. Discussion followed.

ACTION ITEMS

Approval of Agenda

There being no new items to consider, the Agenda was unanimously approved as posted on motion by Director Portwood, seconded by Director Waterhouse.

Minutes

The Minutes of the Regular Board Meeting on April 11, 2018 were presented for approval.

On motion by Director Tracy, seconded by Director Waterhouse, the Minutes of the Regular Board Meeting on April 11, 2018 were approved as presented.

Treasurer's Report

The Treasurer's Reports for April 2018 were presented for review and approval.

On motion by Director Waterhouse, seconded by Director Toretta, the Treasurer's Report for April 2018 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Financial Report

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report which is based on an October 2017 projection. An updated Budget will be presented at the June 13, 2018 meeting.

Accounts Payable

The Cash Disbursement List for May 16, 2018 was presented for review and payment. Discussion followed regarding purchase of a Graphtec vinyl cutter plotter for making decals for wells and pumps within the District, and consultant fees associated with the Tulare Lake Flood Control Project.

On motion by Director Waterhouse, seconded by Director Fabbri, the Board authorized payment of the Accounts Payable as listed on the May 16, 2018 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 Resolutions Fixing GASC & GPSC and set June Hearing

Manager Gianquinto led discussion on the General Administrative and General Project Service Charges and Resolutions. Bobby Salinas, District Controller, reviewed the calculations to set the 2018-19 charges to remain the same as 2017 at \$1.50/Ac for the General Administrative Service Charge and \$137.90/Ac for the General Project Service Charge and the Special General Project Service Charges at \$10.90/Ac (total of \$1.50 and \$9.40). It was also noted that the New Land Surcharge is recommended to be set at \$1750 per Acre for any lands found to be developed after July 1, 2017, provided that they are not currently paying the General Project Service Charge.

On motion by Director Fabbri, seconded by Director Portwood, the Board set the preliminary General Administrative and General Project Service Charges at \$1.50/Ac and \$137.90/Ac, respectively, set the Special General Project Service Charges at \$10.90/Ac, set the New Lands Surcharge at \$1750/Ac and adopted all resolutions and documentation necessary for processing as listed below:

BW Resolution No. 18-02:

RESOLUTION FIXING CHARGES FOR GENERAL ADMINISTRATIVE SERVICE RENDERED BY THE IMPROVEMENT DISTRICT AND CHARGES FOR GENERAL PROJECT SERVICE RENDERED BY THE IMPROVEMENT DISTRICT; ORDERING THAT THE SAME BE COLLECTED FROM THE OWNERS OF LANDS RECEIVING THE BENEFIT THEREOF; ORDERING PREPARATION OF A PRELIMINARY ROLL AND PRELIMINARY RATES AND SETTING OF NOTICED HEARING (2018; COLLECTED 2018-2019)

PP Resolution No. 18-02:

RESOLUTION FIXING CHARGES FOR GENERAL ADMINISTRATIVE SERVICE RENDERED BY THE IMPROVEMENT DISTRICT AND CHARGES FOR GENERAL PROJECT SERVICE RENDERED BY THE IMPROVEMENT DISTRICT; ORDERING THAT THE SAME BE COLLECTED FROM THE OWNERS OF LANDS RECEIVING THE BENEFIT THEREOF; ORDERING PREPARATION OF A PRELIMINARY ROLL AND PRELIMINARY RATES AND SETTING OF NOTICED HEARING (2018; COLLECTED 2018-2019)

The NOTICE, order mailed with the adoption of the foregoing resolutions, form of letter to transmit the notice to landowners, and the following resolution, were approved by the Board.

Concurrent Resolution No. BW 18-03 and PP 18-03:

PROCEDURE FOR CONDUCT OF PUBLIC HEARING TO COLLECT AND FINALIZE THE ROLL FOR THE GENERAL ADMINISTRATIVE AND GENERAL PROJECT SERVICE CHARGES FOR 2018 (COLLECTED 2018-2019)

Consider GEI Presentation – Groundwater Model Update

GEI Representative, Satya Gala, presented the Groundwater Model Update. Semitropic's regional groundwater model was last updated in 2015-16 and in the fall of 2017, the Board authorized GEI Consultants to update the dataset and re-evaluate the "3-Year, 15-Foot Groundwater Rule".

In summary, the three-year periods ending with 2014, 2015 and 2016 are in compliance with the Groundwater Rule. Discussion followed.

Consider 2018 Dry Year Water Supply Program

Manager Gianquinto reported that there has been a price drop in the \$600/AF dry year water supply the District purchased through the Kern County Water Agency and State Water Contractors as part of the Yuba Program. Discussion followed regarding offering the 10,000AF of water to landowners at \$500/AF for irrigation or landowner banking.

By general consensus, the Board directed Staff to notify District landowners that a dry year water supply is available at \$500/AF and give them an opportunity to submit a purchase request. A decision on allocation will be taken up at the June Board meeting.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh reported that effort continued to execute the final 4 Water Service Agreements in support of the XYZ Intertie Project. The raw water processing plant is currently shut down and will remain idle until at least the normal recovery period of September through December 2018.

Rick Amigh reported that design work continued on the SWRU XYZ Intertie Project and the final surge analysis was distributed. Final plans and specifications will be completed and distributed in May as well as procurement of the permits. Amendment 15-B was submitted for execution and is scheduled to commence construction in May.

The railroad car bridges have been ordered and are currently in fabrication. W.M. Lyles crews also made repairs on the pre-stressed concrete cylinder pipeline in three locations on Lateral A-E.

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 April 2018, which was accepted for filing.

Mr. Rodriguez reported that activities included securing agreements for potential conveyance transfers; assessment of methods for improving the landowner charges on SGMA; and preparation of a preliminary design of the Diltz Intertie Improvement with Shafter-Wasco I.D.

Activities on the Tulare Lake Storage and Floodwater Protection Project were focused on the revised Public Benefit Ratio (PBR) published by the Water Commission staff and related matters including modeling which GEI is of the opinion that they complied with applicable rules and regulations which did not require use of the Calsim II model. Several meetings were held with Commission staff to review and justify the PBR and modeling GEI used to support the Project's public benefits. Ultimately, the Commission determined that the Project was ineligible to receive Prop. 1 funds.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that work continued on preparation of two Water Purchase Agreements, one between Semitropic and Agua Via and another agreement where Semitropic landowners will be given an opportunity to purchase some of the water produced by Agua Via.

Agua Via has received a report from Dr. Ken Schmidt regarding well location and anticipated production flow rates and has prepared a location map for five wells in preparation for initiating the permitting/CEQA process while long-term financing is secured.

Mr. Boschman stated that time was spent on follow-up on previous contacts and new potential sources for buying water. He met with the General Manager of a Federal water district who expressed interest in certifying Semitropic's renewable energy generation facilities, namely solar and small hydro.

Mr. Boschman also attended the Kern Water Bank Authority and the State Water Contractors' meeting in Sacramento. There was a quarterly Board meeting for the Southern California Water Bank Authority where routine activities took place. No water has been delivered for storage or recovered in 2017 or 2018 at the Southern California Water Bank.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that he met with Dr. Ken Schmidt to discuss flow path well designs. Staff is continuing to work with Environmental Health on disposal of the used gravel bags.

Mr. Jones met with Far West Corrosion staff to discuss the data the District requested. Far West then made a presentation to District personnel on their analysis of work that needs to be done. Video logging was completed on three wells.

Balance Public Relations

Dean Florez of Balance Public Relations was not able to attend the Board meeting but will report next month.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During April" dated May 11, 2018 was accepted for filing. In addition, the following items were presented:

Water Supply

Manager Gianquinto stated that the State allocation was recently increased to 35% and requests for Supplemental Ag Water (SAW) will be extended from May 1 to June 1.

Delta Issues

California WaterFix

The Design Construction Enterprise (DCE) (the Construction JPA) is getting ready to circulate the Agreement for review by participants. As proposed, there will be five directors on the JPA including Metropolitan Water District (MWD) who will have two representatives, Kern County Water Agency will have one, and Santa Clara Valley Water will have one. There will be discussion at the next KCWA Board meeting to appoint a director for KCWA's seat on the JPA.

At this time, it appears that the District's share of GAP funding for the California WaterFix costs would be between \$2.4M to \$3.5M, if it chooses to participate. MWD will be picking up most of the GAP funding costs.

High Speed Rail

District Engineer, Isela Medina, reported on progress on resolution of conflicts between District facilities and the HSR alignment as well as negotiations of terms of other various agreements. The Borrow Agreement has been finalized which provides the terms and conditions under which the HSRA will obtain borrow material for construction of the HSR project in exchange for building a portion of Phase 2 of the District's Pond Poso Spreading Grounds, on Scofield Avenue and Hanawalt Avenue. It is anticipated that the Agreement will be executed in the near future. Discussion followed.

Crop Survey

The Manager reported that the crop survey got underway this week. The survey will be conducted a little different this year in that crops will be identified by fields rather than just by parcels which will also help with the GIS work in the ET Study.

Closed Session

At 2:40 p.m. the District's legal counsel, Ernest Conant, stated that a closed session was needed pursuant to the following:

- a. Conference with legal counsel Re: Existing Litigation Govt. Code § 54956.9(d)**
 - 1) *Wilbur-Ellis Co. v. Semitropic Water Storage Dist., et al., and related actions*
 - 2) *Central Delta Water Agency et al v. Ca. Department of Water Resources et al*
 - 3) *San Joaquin County Resources Conservation District, et al. v. California Regional Water Quality Control Board, Central Valley Region*
 - 4) *Center for Food Safety, et al, v. Department of Water Resources, et al.*
(Sac Sup #34-2016-80002469)
 - 5) *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 Assn.; and related matters and proceedings, before the State Water Resources Control Board.

6) *California Department of Water Resources v. All Persons Interested, etc. (Sac Sup #34-2017-00215965)*

b. Conference with legal counsel Re: Potential Litigation (Govt. Code § 4956.9(d))

1) Two Potential Suits

c. Conference with Real Property Negotiator (Govt. Code § 54956.8)

District's Designated Representative: General Manager

1) Water Supply Acquisition:

- a. Negotiating Parties: Agua Via
- b. Under Negotiation: Price and Terms

2) Water Supply Acquisition:

- a. Negotiating Parties: West Stanislaus Irrigation District
- b. Under Negotiation: Price and Terms

3) State Water Project:

- a. Negotiation Parties: California Department of Water Resources, Kern County Water Agency and its Member Units, and State Water Contractors
- b. Under Negotiation: Price and Terms

At 4:40 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized execution of a Water Purchase Agreement with Agua Via subject to final review by the Water Supply Committee and legal counsel.

Adjournment

The meeting was adjourned at 4:40 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, May 30, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

Todd Tracy, Secretary

Fredrick A. Wegis, President