

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,
July 8, 2020

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, July 8, 2020, 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,
Dan Waterhouse and Rick Wegis;

Directors Absent: Todd Tracy;

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 Consultant, Will Boschman;
District's Legal Counsel, Steve Torigiani;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
WM Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks;
Dana Munn, Jon Reiter, Kevin Assemi, Lindsay
Cedarquist, Molly Thurman, Don Wright, Garrett
Bush, Greg Wegis, Stacie Ann Silva, Ted Page,
Geoff Vanden Heuvel, and Joseph Gallegos.

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

One new item came to Staff's attention after posting the Agenda and requires immediate action: Consider Farmers Co-op 2020 Ag Lease.

On motion by Director Wegis, seconded by Director Portwood, the above item was added to the Agenda on the basis that the item came to the attention of the District after the Agenda was posted and there is need to take immediate action on such item at the July 8, 2020 Board Meeting. 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, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

Minutes

The Minutes of the Regular Board Meeting on June 10, 2020 were presented for approval.

On motion by Director Wegis, seconded by Director Portwood, the Minutes of the Regular Board Meeting on June 10, 2020 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 Fabbri, Portwood, Thomson, Toretta, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

The President announced that the motion carried.

The Minutes of the GSA Board Meeting on June 10, 2020 were presented for approval.

On motion by Director Wegis, seconded by Director Portwood, the Minutes of the GSA Board Meeting on June 10, 2020 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 Fabbri, Portwood, Thomson, Toretta, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

The President announced that the motion carried.

Treasurer's Report

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

On motion by Director Toretta, seconded by Director Portwood, the Treasurer's Reports for June 2020 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 Fabbri, Portwood, Thomson, Toretta, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

The President announced that the motion carried.

Financial Reports

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report for June 2020. Mr. Salinas stated that due to the early July Board meeting date, many invoices have not yet arrived. It was noted that the projected Cash Flow shows a deficit in November, however this is a reflection as to how the expenditures for capital projects are handled. If necessary, Manager Gianquinto noted that one or more capital projects could be deferred if this becomes an issue. At this time, the end-of-year balance is still projected to be approximately \$1M.

Accounts Payable

The Cash Disbursement List for July 8, 2020 was presented for review and payment. Discussion followed regarding the 2020 dry year water purchase.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the July 8, 2020 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 Fabbri, Portwood, Thomson, Toretta, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

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 Resolutions in Support of Filing a Grant Applications with USBR for Subsurface Recharge Projects

District Engineer, Isela Medina, presented two Resolutions in support of filing Grant Applications for Subsurface Recharge Projects. The Resolutions cover 2 levels of funding that are available through the Bureau of Reclamation's WATERSMART Drought Resiliency Program.

The first grant application is for \$750,000 of a 50/50 match for construction of a subsurface recharge site equipped with a filtration system and recovery well, referred to as Semitropic Subsurface Recharge and Recovery Project. Staff is asking for approval to submit an application in the form of Resolution SID 20-02:

IN SUPPORT OF FILING AN APPLICATION WITH THE
BUREAU OF RECLAMATION FOR A GRANT UNDER
WATERSMART DROUGHT RESILIENCY PROJECTS (FY 2021)

The second grant application is for \$300,000 of a 50/50 match for construction of a subsurface recharge site equipped with a filtration system and recovery well, referred to as Semitropic Subsurface Recharge and Recovery Project. Staff is asking for approval to submit an application in the form of Resolution SID 20-03:

IN SUPPORT OF FILING AN APPLICATION WITH THE
BUREAU OF RECLAMATION FOR A GRANT UNDER
WATERSMART DROUGHT RESILIENCY PROJECTS (FY 2021)

On motions by Director Wegis, seconded by Director Portwood, the Board adopted Resolutions SID 20-02 and SID 20-03 to support the filing of Grant Applications for \$750,000 and \$300,000 with the Bureau of Reclamation under the WATERSMART Drought Resiliency Projects (FY 2021). 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, Waterhouse and Wegis
Noes: None
Abstain: Director Fabbri
Absent: Director Tracy

The President announced that the motions carried.

Consider Authorization for Quantum Electric to complete electrical repairs at District Reverse Flow Pumping Plants

Isela Medina reported that the District has experienced a lot of vandalism and theft of copper wire at various sites, particularly the Reverse Flow Pumping Plants which are a very important component in recovery operations.

Mrs. Medina stated that the District's Engineering Staff is working with Quantum Electric, an electrical contractor, to commission check and reverse flow sites, primarily consisting of installation of copper wire to commission sites for operation. A total of 12 pumping plant sites have been identified as requiring some electrical work to commission for recovery. It would cost approximately \$15,000 per pump unit to repair for operation. Quantum Electric has submitted a bid of \$530,000, for all sites.

Discussion followed on possible methods of preventing the vandalism, including possibly installing liquid-tight flexible conduit and wire to make it removable when not in use.

On motion by Director Wegis, seconded by Director Portwood, the Board authorized Staff to engage Quantum Electric to complete electrical repairs at the District's Reverse Flow Pumping Plants in preparation for recovery operations in the fall of 2020. 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, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

The President announced that the motion carried.

Consider Farmers Co-op 2020 Ag Lease

Manager Gianquinto reported that Farmers Co-Op has approached the District to lease 40 acres of Semitropic property for field almond stockpiling site through January 31, 2020. A draft of an agricultural lease was submitted for Board consideration. Under the terms of the lease, rent would be set at \$500 per acre for 40 acres, a total of \$20,000 and would be due at execution of the lease.

Discussion followed regarding possible repairs to the roads leading into and out of the property, plus consideration of landowners of the surrounding lands.

On motion by Director Wegis, seconded by Director Toretta, the Board authorized execution of a 2020 Ag Lease with Farmers Co-op contingent upon appropriate indemnification of the District and that Farmers Co-op is granted ingress and egress permission from surrounding landowners, and subject to review as to form by legal counsel. 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, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Tracy

The President announced that the motion carried.

SEMITROPIC GSA UPDATE

At 1:00 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto presented an overview of Management Actions: 1) Project Description; and 2) Development of Water Budget and Pricing Structure.

Larry Rodriguez, GEI Consultants, gave a presentation on Groundwater Elevation Monitoring. Discussion followed on monitoring results found in water levels throughout the District.

The GSA meeting concluded at 1:25 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 crews commenced with pipe replacement in preparation of plant operation in August of the Raw Water Processing Plant. The specialty valves and devices will be installed and the plant will be tested to confirm it is fully functional and ready for chemical deliveries.

On the Pond Road Solar Interconnection Facilities, PG&E has assigned a project manager to the project and will start design of the telemetry system. During energizing of the solar plant, it was determined that an additional device is required for control and communication between the solar plant and the substation. The device has been procured and delivery will be expedited.

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 June 2020, which was accepted for filing.

Activity during the month included bidding services on the Cox Canal Intertie, including review of bid proposals, preparation of bid abstract and preparation of an award recommendation letter to the District. Other services included 2020 grant application support for Semitropic's Subsurface Recharge and Recovery Project for two funding levels for USBR's Drought Response Program Funding due in early August.

GEI prepared a draft Groundwater Modeling Goals and Objectives document that describes the expectations of the modeling effort.

Groundwater Storage Services, Inc.

Will Boschman reported that Agua Via is continuing work 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. Agua Via is hoping to resume the pursuit of oilfield water in the near future, depending on the COVID-19 crisis.

Mr. Boschman also reported on the State Water Contractor's meeting in June which was conducted via conference call. As of May 1, this year was officially declared to be classified a "dry" year. The San Luis Reservoir is currently at 66% of total Federal and State capacity.

Balance Public Relations

Dean Florez of Balance Public Relations reported that the State Legislators are currently on break while several members have COVID-19. There are about 500 bills “on hold” until the Legislators are back in session. The State is in a \$54 Billion deficit at this time. There are significant concerns about High Speed Rail Project funding.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto’s written report on “District Activity During June” dated July 2, 2020 was accepted for filing. 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 26th, 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.

Regarding the Delta Conveyance Project (the successor to California Water Fix), the District is expecting the KCWA to provide updated information soon relative to the cost, projected yield and permitting of the Project. It is expected that KCWA will request the District’s “good faith” estimate relative to project participation.

The State Water Project final allocation remains at 20%. It is anticipated that several Banking Partners may reduce their recovery requests in light of the 5% increase in SWP allocation (from 15%), but no formal notification has been made.

At 2:07 p.m. President Waterhouse adjourned the Regular Board meeting.

Closed Session

At 2:25 p.m. the meeting continued with Closed Session.

Participants included:

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

Directors Absent: Todd Tracy;

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.

The District's legal counsel, Steve Torigiani, stated that a closed session was needed pursuant to the following:

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) *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.*
- 3) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 4) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*
- 5) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*
- 6) *California Department of Water Resources v. All Persons Interested, etc. "Complaint for Validation" Re: WaterFix Bond Validation Action (JCCP 4942)*
- 7) *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) *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

At 3:40 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 3:40 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, July 22, 2020 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President