

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
November 8, 2017

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, November 8, 2017, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Phil Portwood, Tom Toretta, Todd Tracy,
Dan Waterhouse and Rick Wegis

Directors Absent: Jeff Fabbri and Tim Thomson;

Others Present: General Manager, Jason Gianquinto;
District O & M Superintendent, John Lynch;
District Controller, Bobby Salinas;
Staff Engineer, Isela Medina;
Staff Engineer, Craig Wallace;
District Contract Administrator, Becky Ortiz;
District Accounting Supervisor, Mariela Garza;
District Executive Secretary, Marsha Payne;
District Consultants, Will Boschman;
District's Legal Counsel, Ernest Conant;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez and
Stephanie Breeden;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks;
Maricopa Orchards Representatives, Jon Reiter and
Jason Pucheu;
Wonderful Orchards Representative, Andrew
Edstrom;
Renewable Resources Group Representative, Jim
James;
The Chronicles Group Representative, Jim Thebaut;
FMS Representative, Brandon Spain; and
District landowners or representatives:
John Wedel of Monache Meadows, Peter
Bouma, John Etchemendy and Jason Kosareff.

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

Public Comment

Jim Thebaut, Representing the Chronicles Group, presented a 15-minute exert of his latest documentary entitled, “Beyond the Brink.” The film has been shown at exclusive screenings around the State; the next one scheduled for Tuesday, November 14th, in Visalia, CA. Mr. Thebaut stated that the objective of the film is to make the public aware of the true outlook of water and its significance to agriculture for the State, our Nation and the World. Additional funding is needed to market the film to numerous audiences and a request was made to the Board for a donation to help that effort. The Board commended Mr. Thebaut on a job well done and that the Board would consider his request at a later date.

ACTION ITEMS

Approval of Agenda

It was noted that Item #K was re-worded on the Agenda to add language clarification: Consider Work Authorization and Agreement with W.M. Lyles for: 1) Construction of Bridges, 2) Junction Pumping Plant Manifold Repair, 3) Gun Club Check Retrofit.

On motion by Director Waterhouse, seconded by Director Tracy, the Amended Agenda was unanimously approved.

Minutes

The Minutes of the Regular Board Meeting on October 11, 2017, the Finance Committee Meeting of October 9, 2017 and Policy Committee Meeting of October 19, 2017 were presented for approval.

On motion by Director Tracy, seconded by Director Toretta, the Minutes of the Regular Board Meeting on October 11, 2017, the Finance Committee Meeting of October 9, 2017 and Policy Committee Meeting of October 19, 2017 were approved.

Treasurer’s Report

The Treasurer’s Reports for October 2017 were presented for review and approval.

On motion by Director Waterhouse, seconded by Director Portwood, the Treasure’s Reports for October 2017 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. To date, the projected end-of-year cash balance is about \$24.8 M, which is about \$9 M higher than originally budgeted due to construction projects that were budgeted but delayed and refunding of the 2009 Bonds.

Accounts Payable

The Cash Disbursement List for November 8, 2017 was presented for review and payment. Discussion followed regarding repairs of a power pole and lines where a car ran into one of the District's poles on Hwy. 46.

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized payment of the Accounts Payable as listed on the November 8, 2017 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 Continuation of Emergency Declaration (Public Contract Code Sect. 22050 (a)(1) (as Declared May 17, 2017)

The Manager recommended continuation of the Emergency Declaration made by the Board at its May 17, 2017 meeting. There are still some small projects that need completion, including canal bridges and standtank repairs.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized staff to file a Continuation of Emergency Declaration in an effort to move various small projects forward to expedite the capture of available water supplies.

Consider GEI Task Order 10-2017 for Remote Sensing Engineering Services

Manager Gianquinto presented GEI Task Order 10-2017 for Remote Sensing Engineering Services which will cover activities to produce a technical memorandum detailing the advantages and disadvantages of two different methodologies for estimating evapotranspiration rates with remote sensing technologies. The overall budget is a not-to-exceed amount of \$20,000.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized execution of GEI Task Order 10-2017 for Remote Sensing Engineering Services.

Consider GEI Task Order 11-2017 for Preparation of a Groundwater Sustainability Plan (GSP) as required by SGMA

The Manager presented GEI Task Order 11-2017 for GSP Preparation for SGMA compliance. This work addresses preparation of portions of a GSP on behalf of Semitropic that can be incorporated into a broader GSP as being prepared by the Kern Ground Water Authority, for submittal to the DWR.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized execution of GEI Task Order 11-2017 for preparation of a GSP. The total Budget for this Task Order is \$120,000.

Consider Water Banking Agreement with Montecito Water District

District Consultant Will Boschman presented a Water Banking Agreement to provide groundwater storage for Montecito Water District. The terms of the agreement are similar to prior

Banking Partners' Agreements and a comparison sheet was reviewed with the Board. The storage capacity is 4,500 AF and firm recovery is 1,500 AF/Y.

Discussion followed regarding KCWA set-up fees, along with put and take fees. With approval of the Montecito banking agreement and receipt of the capital fees, the District will reimburse MWD for a portion of the cost for recovery facilities now obligated to Montecito as MWD previously provided funding for recovery facilities currently in operation in the District.

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized the President and General Manager to execute a Water Banking Agreement with Montecito Water District.

Consider Resolutions to Order Filing of List of Delinquent Tolls & Charges No. BW 17-07 and PP 17-07

Manager Gianquinto stated that this is the time to adopt the Resolutions to start the process to Order Filing of Delinquent Tolls and Charges for Water Year 2017. Controller Bobby Salinas reported that all accounts had recently been paid and brought current; therefore, no filing was necessary. No action was taken by the Board.

Consider Work Authorization and Agreement with W.M. Lyles

W.M. Lyles representative, Rick Amigh, presented the three work authorizations and agreements for District consideration:

- 1) Construction of Bridges
- 2) Junction Pumping Plant Manifold Repair
- 3) Gun Club Check Retrofit

Discussion following regarding each project and the necessary shutdowns for the Wegis System and East Reach during the time of repair work.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized execution of the Work Authorization and Agreements with W.M. Lyles for 1) Construction of Bridges, 2) Junction Pumping Plant Manifold Repair, and 3) Gun Club Check Retrofit.

Consider Draft Policy for Landowner Recharge Pilot Program

Manager Gianquinto reported that the District is exploring the feasibility of subsurface recharge as a means to conduct recharge operations along with farming operations such that the recharge activity is not a hindrance to or reliant upon the surface farming operation. The Policy and Procedure Committee met on October 19, 2017 to discuss early implementation of a conceptual subsurface recharge program and ways to incorporate it into the District's established operations and Banking Program.

GEI is currently analyzing a Pilot Program consisting of a subsurface recharge facility near Schuster Road, focusing on a program that would benefit both the District and participating landowner where the land could stay in production and still receive the recharge benefit. It was agreed that the Policy and Procedure Committee would meet again to further develop a landowner subsurface recharge program and bring it before the Board at its December meeting.

SEMITROPIC WATER STORAGE DISTRICT
PUBLIC HEARING NOVEMBER 8, 2017
TO FIX THE SERVICE CHARGE AND
ADDITIONAL WATER USE CHARGE
FOR SURFACE WATER SERVICE FOR 2018

President Wegis called the hearing to order at 2:00 p.m. He noted that a quorum was present and that the attendance had been noted in the usual fashion. There were no guests present for the hearing.

Ernest Conant, District's legal counsel, reported that this is the time and place set by the Board for fixing the Service Charge and Additional Water Use Charge for Surface Water Service for 2018. Mr. Conant reviewed the procedures followed by the Board and Staff for determining the rates and the appropriate action for the hearing.

Manager Gianquinto further reported on Staff's efforts to determine rates for 2018 Contract Water Charges.

Hearing no further comments or objections, the Board proceeded with fixing the charges for 2018. The following documents were presented as attachments to the Minutes:

"AFFIDAVIT OF MAILING TO WATER USERS AND PERSONS AUTHORIZED TO RECEIVE WATER BILLINGS FOR WATER SERVICE IN BUTTONWILLOW AND POND-POSO IMPROVEMENT DISTRICTS of November 1, 2017", attaching a letter to Water Users and persons authorized to receive water billings for water service, which is enclosed, a "NOTICE OF FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2018, AND THE TIME AND PLACE OF HEARING THEREON".

The aforementioned affidavit is attached hereto as "Exhibit B".

A "PROOF OF PUBLICATION" from The Bakersfield Californian for Buttonwillow Improvement District and Pond-Poso Improvement District of "NOTICE OF FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2018 AND THE TIME AND PLACE OF HEARING THEREON".

The aforementioned proof of publication is attached hereto as "Exhibit C".

The Board reviewed "Statement of Jason Gianquinto, General Manager, at the November 8, 2017 Public Hearing Fixing 2018 Contract Water Charges", which is attached hereto as "Exhibit D".

Bobby Salinas, District Controller, presented the water costs and analysis of how the costs are determined.

President Wegis asked if there were any comments. There were none.

Hearing no further comments or written protests, legal counsel presented resolutions for the Board's consideration.

On motion by Director Waterhouse, seconded by Director Portwood, Resolution Nos. BW 17-06 and PP 17-06 were adopted:

RESOLUTION FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2018

The Public Hearing was closed at 2:12 p.m.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh reported that the Junction Pumping Plant turbine generator is currently operating and adjustments continue to be made on the controls to improve performance.

In coordination with GEI, a hydraulic analysis was performed to study the performance of the SWRU XYZ Intertie during connection to the P667 System. Four alternates were analyzed and a budget was developed for each option. District Staff is currently reviewing the information.

Construction was completed on the Turnout B-4 Modifications. W.M. Lyles developed a preliminary budget for the expansion of the Pond Poso Spreading Grounds. The District will use the budget during discussions with the High Speed Rail contractor regarding borrow material to support the HSR bridge embankments.

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 October 2017, which was accepted for filing.

Mr. Rodriguez also reported on activities related to Poso Creek IRWMP in support of an application being prepared by Self-Help Enterprises; helped with the preparation of a Federal and State grant proposal to improve the operational capacity of the existing Diltz Intertie with Semitropic; provided support to development of outreach materials and tracking California Water Commission meetings and project reviews; preparation of spread sheet templates for development of the Groundwater Model update; and continued to collect, review and analyze reports and data from State and Federal sources and from the districts participating in preparation of the Hydrogeologic Conceptual Model (HCM).

Stephanie Breeden from GEI Consultants reported on the status of the Bureau of Reclamation processing the Environmental Assessment. In late October, Reclamation finally released the Groundwater Well Operational Data Acquisition, Solar Power, and Lateral Canal Lining Project Environmental Assessment for public comment.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that Agua Via is in the process of implementing the original Water Purchase Agreement dated April 14, 2016. A Term Sheet is ready for Board consideration.

A Banking Agreement for providing storage has been agreed to by both Montecito Water District and Semitropic management and legal counsel. It is being prepared to be presented to both Boards for approval and final signatures in November.

Mr. Boschman submitted Term Sheets, Banking Agreements and reviewing proposals for potential sources for buying water. He also represented the District at various meetings, including the Kern Water Bank Authority, State Water Contractors, and Southern California Water Bank Authority.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. was not able to attend today's meeting, but submitted a written report. Drilling staff refurbished the flatbed trailers for the drilling operation, replacing 2 of the brake drums and cam drives. They also replaced the fan clutches on the KW tractor and installed refurbished main hydraulic rams on the drilling rig.

Staff video logged a farmer's well in the District and found some calcium at the deeper end of the well. Overall, the well was in good condition.

Balance Public Relations

Dean Florez of Balance Public Relations gave a short presentation on various State Legislative issues and how Legislators are aligned on those issues. Discussion followed.

Mr. Florez emphasized the need for State Senators and Assembly Members to come to Semitropic to become acquainted with the District's Groundwater Banking Program and to discuss California water issues and its impacts on the District, the San Joaquin Valley and the State.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During October" dated November 3, 2017 was accepted for filing. In addition, the following items were presented:

Irrigated Lands Regulatory Program

The Kern River Watershed Coalition Authority (KRWCA) mailed the 2018 membership invoices on October 1 which are due by November 15, 2017. Outreach meetings are scheduled for January 2018 regarding the General Farm Evaluation and Nitrogen Management Plan. The Regional Water Quality Control Board sent notices of violation to 17 KRWCA members in early October 2017.

California Water Fix

The deadline to respond to the validation action has been extended from November 15 to December 15, 2017.

Duck Club Water

The District continued delivery of Duck Club Water this month utilizing Poso Creek and North Pintail Slough. It is expected that Duck Club Water will be delivered through the end of the year as needed.

Kern Groundwater Authority

The KGA will be issuing a cash call for \$205,000 from its members for 2017 activities. The draft 2018 Budget will be prepared for the November Board meeting and work continued on the “issues” list.

2017 Water Supply

The Fall water measurements have been completed and the water levels appear to have improved on average of about 30 feet.

The Manager also reported that year-to-date deliveries into the District, Kern Fan, Cawelo WSD and Buena Vista WSD were at 451,527 AF at the end of October. The District has banked 225,986 AF of water on behalf of Banking Partners through the end of October.

Other

Due to a scheduling conflict, the next Regular Board Meeting will be moved to Thursday, December 14, 2017.

Closed Session

At 3:05 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. California 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) *North Kern Water Storage District, et al v. City of Bakersfield and North Kern Water Storage District, et al, v. Kern Delta Water District*
 - 5) *Center for Food Safety, et al, v. Department of Water Resources, et al.*
(Sac Sup #34-2016-80002469)
 - 6) *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.

7) *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: West Stanislaus
- b. Under Negotiation: Price and Terms

2) Water Supply Acquisition:

- a. Negotiation Parties: Agua Via
- 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 4:00 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed. In the case of *North Kern Water Storage District, et al, v. Kern Delta Water District*, Semitropic is a party to the case. North Kern has requested that Semitropic consent to the settlement agreement reached between North Kern and Kern Delta Water District.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized its consent to let North Kern Water Storage District enter into a settlement agreement with Kern Delta Water District, subject to approval of the other parties.

Adjournment

The meeting was adjourned at 4:05 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, November 22, 2017 at 12:30 p.m. to continue the business of the District.

The next Regular Board Meeting in December will be held on Thursday December 14, 2017 at 12:30 p.m.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President