

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  
December 9, 2015

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, December 9, 2015, at 1:05 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

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

Directors Absent: Jeff Fabbri;

Others Present: General Manager, Jason Gianquinto;  
District O & M Superintendent, John Lynch;  
District Controller, Bobby Salinas;  
Staff Engineer, Water Resources, Isela Medina;  
Staff Engineer, Craig Wallace;  
District Accountant, Judy Burns;  
District Executive Secretary, Marsha Payne;  
District's Consultants, Will Boschman and John Jones;  
District's Legal Counsel, Ernest Conant;  
District's Consulting Engineers, GEI Consultants, Inc.,  
Represented by Dick Rhone;  
W.M. Lyles Representative, Rick Amigh;  
Balance Public Relations Representative, Dean Florez;  
Maricopa Orchards Representative, Jason Pucheu; and,  
Wonderful Orchards Representative, Mike Widhalm;

President Wegis established a quorum at 1:05 p.m. and opened the meeting with the flag salute, then introduced and welcomed all guests.

At this time, the President asked for a Moment of Silence in remembrance of Paul Oshel who served as District Engineer for about 35 years and died suddenly on December 1, 2015. Mr. Oshel was instrumental in the design, construction and operations of Semitropic's distribution system. His knowledge of District facilities and dedication will be greatly missed. Will Boschman, former General Manager who had worked with Paul since the late 1970's led in prayer.

## **ACTION ITEMS**

### **Approval of Agenda**

The Agenda was reviewed and unanimously approved as posted on Motion by Director Tracy, seconded by Director Portwood.

### **Minutes**

The Minutes of the Regular Board Meeting on November 11, 2015 and Special Board Meeting on November 24, 2015 were presented for approval.

On motion by Director Tracy, seconded by Director Portwood, the Minutes of the Regular Board Meeting of November 11, 2015 and Special Board Meeting on November 24, 2015 were approved.

### **Financial Report**

District Controller, Bobby Salinas, reviewed the Actual and Projected Cash Flow Report for November 2015 with the Board. There was not much change and the year-end balance appears to be very close to the projected amount of about \$17 Million.

### **Accounts Payable**

The Cash Disbursement List for December 9, 2015 was presented for review and payment. Discussion followed regarding certain items on the Disbursement List, including water quality testing; equipment rental for generator on the 2015 Reverse Flow Project; expenses on the Raw Water Processing Plant; pump heads and bowls for the North Kern wells; consulting fees for the Tulare Lake Flood Control Project; and final payment on the data and energy controller for the SCADA System.

On motion by Director Portwood, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the December 9, 2015 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 of Commendation for Judy Burns Upon Retirement**

Manager Gianquinto stated that Judy Burns will retire from the District as of December 18, 2015. Mrs. Burns has served the District since 1999 in the accounting department and most recently as Accounting Supervisor. The Board expressed their appreciation to Mrs. Burns for her service to the District and extended their well wishes.

On motion of Director Portwood, seconded by Director Tracy, the Board unanimously authorized Resolution ST 15-08:

COMMENDING JUDY BURNS  
AND EXPRESSING APPRECIATION TO HER FOR  
HER EFFORTS ON BEHALF OF THE DISTRICT AND  
WISHING HER A LONG AND HAPPY RETIREMENT

**Consider Resolution Proposing Amendment to Rules & Regulations as related to Charges for Contract Water Service**

The Manager gave a presentation, summarizing his memorandum of December 4, 2015, showing how Contract Water Charges are determined. Currently the Contract Water Rates are set based upon a balancing formula and as outlined in the District Rules and Regulations whereby the costs for a Contract landowner are balanced with the costs of a landowner in the groundwater service area factoring in the District Assessments (GASC & GPSC), the average depth to groundwater and the associated cost for producing groundwater, and the cost for maintaining adequate well capacity for an agricultural operation. The methodology for setting the rates under the cost balancing formula were recommended as part of the 1979 Financial Plan, taking into account the following:

- a. Access to groundwater for beneficial use was not restricted.
- b. The importation of State Water provides benefit to both contract lands and groundwater lands due to the improvement of groundwater levels directly associated with the importation of surface water supply which in turn, reduces reliance upon the groundwater basis.
- c. The access to the State Water Project provided multiple benefits for all lands in that the contract allows for facilitating the banking program and capture of flood waters and other waters that become available due to the conveyance provided by the State Water Project.

As described further in his memorandum, it was recommended that the fixed costs associated with maintenance of the State Water Contract be re-apportioned 71% to the Contract lands and 29% to the District on behalf of all lands paying the General Project Service Charge. To implement this re-apportionment of the State Water Costs would include the following components:

1. A State Water Project Charge (SWP Water Charge), which is a pass through of 71% of the total fixed costs incurred for the delivery of State Water to the District on behalf of the Contract Land Owners. The basis for the fixed State Water Project Charge apportioned to the Contract lands will be determined using the prior year actual charge as incurred by the District.
2. An Additional Water Use Charge will be in addition to the SWP Water Charge that will be a variable charge based upon the acre-feet of State water delivered to the Contract Land Owner. The Additional Water Use Charge will be comprised of the Variable Charge on a per acre-foot basis incurred by the District for the preceding year plus the then current District wheeling rate which is the cost to deliver such water from the California Aqueduct to turnouts in the District, including operation and maintenance costs of the District distribution system and energy costs.

Considerable discussion followed. Several small group meetings with landowners will be scheduled to help them understand the proposed changes. A Hearing will be scheduled for the

February 10<sup>th</sup> Board Meeting to adopt the proposed Amendment to the Rules and Regulations to provide for this change and as a “majority protest” hearing under Proposition 218. Ernest Conant noted that although every director probably has a financial interest in this matter, such interests would not be a disqualifying interest because of the “public generally” exception under the conflict of interest laws.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized resolutions to change the rules and regulations and adopt a new rate structure, subject to final review by legal counsel and the General Manager, in the form of Resolution No. ST 15-09:

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF SEMITROPIC WATER STORAGE DISTRICT ACTING FOR AND ON  
BEHALF OF ITS SEMITROPIC, BUTTONWILLOW AND POND-POSO IMPROVEMENT  
DISTRICT (COLLECTIVELY “DISTRICT”) REGARDING  
PROPOSED AMENDMENT OF RULES AND REGULATIONS FOR DISTRIBUTION  
OF WATER

and Resolution No. ST 15-10:

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF SEMITROPIC WATER STORAGE DISTRICT ACTING FOR AND ON BEHALF OF ITS  
SEMITROPIC, BUTTONWILLOW AND POND-POSO IMPROVEMENT DISTRICT  
(COLLECTIVELY “DISTRICT”) FIXING PROCEDURES FOR A PROPOSITION 218  
MAJORITY PROTEST REGARDING THE DISTRICT’S ADOPTION OF AN SWP WATER  
CHARGE AND AN ADDITIONAL WATER CHARGE FOR WATER SERVICE CONTRACT  
WATER USERS

**Consider Entering Into an Agreement with BHK for 2015 Audit for the District**

Controller Bobby Salinas presented a consulting service agreement submitted by Barbich, Hooper & King (BHK) for preparation of the 2015 Annual Audit. The letter agreement is for a not-to-exceed amount of \$32,500 including expenses.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized the Manager to execute the consulting services agreement with BHK for the 2015 Audit for the District.

**Treasurer’s Report**

The Treasure’s Reports for October and November 2015 were presented for review and approval.

On motion by Director Waterhouse, seconded by Director Portwood, the October 2015 Treasure’s Reports for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

On motion by Director Waterhouse, seconded by Director Tracy, the November 2015 Treasurer’s Reports for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

## **CONSULTANT REPORTS**

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

W.M. Lyle's Representative, Rick Amigh, reported on continued efforts to obtain rights-of-way agreements for major portions of SWRU Service Areas X, Y and Z. Operations of the Raw Water Processing Facilities continued with flows of 270 cfs to 300 cfs in November. Pump back operations will continue until the District obligations are achieved which should be in early January.

The Pond Road Substation continued to operate and currently supplies electrical service to the majority of the District facilities north of the Diltz Pumping Plant. PG&E has planned a one day maintenance shutdown in January that will be coordinated with the District's pump back operations.

Final assembly and delivery of the turbine components are scheduled to occur in later December at the Junction Pumping Plant. Factory testing of the generator will be completed in December and shipping will occur soon thereafter.

All mechanical, electrical and control work has been completed for the 2015 Reverse Flow Project. Minor punch list items are being addressed and close-out documents will be assembled and submitted in December.

All field work and punch list items have been completed on the Water Treatment Reservoir and Expansion of the Raw Water Processing Plant.

W.M. Lyles, GEI and the District continued to work on preconstruction tasks for the Tulare Lake Floodwater Storage and Recovery Pilot Project. Drawings and specifications are being prepared for submittal to KCWA/DWR for review and approval. The District is pursuing the necessary permits and access agreements to allow construction to commence in early 2016.

### **Consulting Engineer's Report**

Dick Rhone from GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during November 2015, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to participation in the monthly regional Poso Creek IRWM Group and communication with SSJMUD's General Manager regarding their participation; staff assistance with energy reconciliations; analysis of transferable water from the Delta Islands; and, Feasibility Study and Pilot Project on the Tulare Lake Flood Water Project. GEI also continued development of the Agricultural Water Management Plan 2015 Update and the Groundwater Model Update.

### **Groundwater Storage Services, Inc.**

Will Boschman of Groundwater Storage Services, Inc. reported on current communications with Aqua Planet Utilities who reported they are very close to securing finances in order to proceed with further development of their Carbon Aerogel water treatment process.

Agua Via continued to focus on development of technology for cleaning up unusable water, focusing on agricultural wells that produce unacceptable water for irrigation purposes.

During the month, Mr. Boschman continued follow-up with about six different agencies regarding additional storage and/or water supply. There appears to be a significant amount of interest by new participants to enter into a 2<sup>nd</sup> priority agreement with the District that would provide for immediate recharge and recovery on an “if we can” basis with the option to convert it to a long-term agreement that provides firm recovery.

Mr. Boschman met again with representatives of Yurosik Farms and South San Joaquin Municipal Utility District to explain more specifically how Semitropic’s groundwater program works and potential to construct physical pipeline connections between the two districts.

Several meetings were attended by Mr. Boschman on the District’s behalf, including the Kern Water Bank Board meeting and the State Water Contractors Committee meeting in Sacramento where there was considerable discussion regarding the allocation procedure of the potential increase in water if and when the Delta Tunnels are complete and operational. Mr. Boschman also oversaw activities related to the Semitropic-Rosamond Water Bank Authority.

### **Developing Water Resources, Inc.**

John Jones of Developing Water Resources, Inc. submitted a written report and presented an oral update of progress on well drilling activities. The current drilling site is located north of Pond on Wildwood Road where staff is running casing and is in the process of swabbing the well.

A 36-inch conductor pipe has been set at the first North Kern well location, one mile south of Seventh Standard Road on the west bank of the Lerdo Canal and the site is now prepared to commence drilling.

Landowners continued to use the video camera to log their wells.

### **Balance Public Relations**

Dean Florez of Balance Public Relations reported that he has been working on AB453, the Amendment to the Sustainable Groundwater Management Act. Assemblymember Fran Pavely has indicated she is willing to meet and discuss a bill specific to Semitropic to help in development of the Tulare Lake Floodwater Project and possibly other projects as well.

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

Manager Gianquinto’s written report on “District Activity During November” dated December 4, 2015 was accepted for filing. In addition, the following items were presented:

### **Delta Issues**

Work continued on developing an interim funding strategy to address efforts necessary to carry the project through the record of decision which is expected by June 2016.

## **Outreach Activities**

Manager Gianquinto reported on various meetings he and others attended on the District's behalf including the ACWA Conference in Indian Wells, CA; meeting with MWD and KCWA representatives concerning California Water Fix; and meeting with Congressional and Senate representatives in Washington DC to discuss water issues.

The Manager also reported that in early December the State announced its initial 2016 allocation of 10% of the SWP Entitlement.

## **Kern Groundwater Management Authority**

The Kern Groundwater Management Authority meeting was held on November 16<sup>th</sup> where there was continued discussion on the structure of the Authority. The legal team is working to amend the draft JPA agreement to reflect the needs of the members. The amendments are focused upon the concept of allowing members to be a GSA, yet participate in the creation of a signal GSP if they so choose.

## **Delta Island Fallowing**

The District renewed the lease for Bouldin and Web Island for 2016.

## **Closed Session**

At 3:00 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 to discuss pending litigation  
(Gov't Code Section 54956.9(a) 7 items
  - 1) *Rosedale-Rio Bravo Water Storage District v. Kern County Water Agency et al*
  - 2) *Central Delta Water Agency et al v. California Department of Water Resources et al*
  - 3) *Rosedale-Rio Bravo Water Storage District & Buena Vista Water Storage District v. California Department of Water Resources et al*
  - 4) *Central Delta Water Agency et al v. Kern County Water Agency, et al*
  - 5) *State Water Contractors v. Salazar (Delta Smelt BO)*
  - 6) *San Joaquin County Resources Conservation District, et al. v. California Regional Water Quality Control Board, Central Valley Region*
  - 7) *North Kern Water Storage District, et al v. City of Bakersfield and North Kern Water Storage District, et al, v. Kern Delta Water District*
- b. Conference with Real Property Negotiators (Govt. Code Section 54956.8)  
Potential Water Supplies  
Negotiator: Jason Gianquinto, General Manager
- c. Personnel Matters (Gov't Code 54957)

At 3:55 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed, including various legal issues and agreements; however, no action was taken.

**Adjournment**

The meeting was adjourned at 3:55 p.m. by President Wegis until Wednesday, December 23, 2015 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President