

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 17, 2017

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, May 17, 2017, 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, Todd Tracy;  
Tom Toretta, Dan Waterhouse and Rick Wegis;

Directors Absent: None;

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 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;  
District's Consulting Engineers, GEI Consultants, Inc.,  
Represented by Larry Rodriguez and Stephanie Hearn;  
W.M. Lyles Representative, Rick Amigh;  
Balance Public Relations Representative, Dean Florez;  
Maricopa Orchards Representative, Jason Pucheu;  
Wonderful Orchards Representative, Tim Gobler;  
Other Guests Included: Larry Frey, Mark Palla,  
Pete Romanini, Larry Ludy, Don Wright, David  
Bloomhoff, Katy Ellis, Dennis Slater, John Wedel,  
Brian Trotter, and Jeffrey Volberg.

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

**ACTION ITEMS**

**Approval of Agenda**

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

## **Minutes**

The Minutes of the Regular Board Meeting on April 12, 2017 were presented for approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the Regular Board Meeting on April 12, 2017 were approved.

## **Treasurer's Report**

The Treasurer's Reports for March and April 2017 were presented for review and approval.

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

## **Financial Report**

District Controller, Bobby Salinas, stated that the Finance Committee will meet on June 12, 2017 to review the updated Budget. Mr. Salinas then reviewed the Financial Reports along with the Actual and Projected Cash Flow Report.

## **Accounts Payable**

The Cash Disbursement List for May 17, 2017 was presented for review and payment. Discussion followed regarding an advance to North West Kern Resource Conservation District, previously authorized by the Board, to cover the costs of clean up and repairs from Poso Creek flooding in January, which will be partially reimbursed by FEMA and CalOES funding. Also discussed were expenses related to engineering services and appraisals for the California High Speed Rail and repair and maintenance expenses on the SWRU Phase 2 System.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the May 17, 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 Resolutions Fixing GASC and 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 charges to remain the same as 2016 at \$1.50/Ac and \$137.90/Ac and the staff recommendation for setting the Special General Project Service Charges at \$10.90/Ac.

On motion by Director Waterhouse, seconded by Director Fabbri, 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 and adopted all resolutions and documentation necessary for processing as listed below:

BW Resolution No. 17-02:

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 (2017; COLLECTED 2017-2018)

PP Resolution No. 17-02:

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 (2017; COLLECTED 2017-2018)

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 17-03 and PP 17-03:

PROCEDURE FOR CONDUCT OF PUBLIC HEARING TO COLLECT AND FINALIZE THE ROLL FOR THE GENERAL ADMINISTRATIVE AND GENERAL PROJECT SERVICE CHARGES FOR 2017 (COLLECTED 2017-2018)

**Consider Groundwater Banking Agreement with Montecito Water District**

District Consultant Will Boschman asked the Board to consider approval of the Basic Principles of Agreement with Montecito Water District. The principles are based on similar language as stated in the Castaic Agreement which was recently executed. Years ago, Metropolitan Water District (MWD) paid for recovery facilities which are currently in operation and is willing to transfer 1,500 shares to Montecito for non-firm recharge and firm recovery only if Semitropic has capacity. Mr. Boschman compared the Principles with both Castaic and Montecito and discussion of the details followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board approved the Basic Principles of Agreement with Montecito Water District and authorized Staff to prepare a Groundwater Banking Agreement Between Montecito and Semitropic.

## **GEI Presentation: Delano Waste Water Project**

Stephanie Hearn, representing GEI Consultants, gave a presentation on the Delano Recycled Water Wetlands Project, outlining the Findings of the Preliminary Engineering Report. The Benefits of the project would: 1) reduce waste discharge management efforts for the City of Delano and enable them to use the full capacity of their treatment plant; 2) contributes an additional water support for duck clubs; and 3) Provide an alternate water supply to Semitropic. Discussion followed concerning treated water quality, project sites to consider, cost considerations and possible funding opportunities.

The GEI Report concluded that the project is favorable and meets the District goals. The next steps include: 1) obtain approval from State and Regional Water Boards, 2) reach out to US Fish & Wildlife Service and CA Department of Fish & Wildlife for comments on CEQA; and 3) perform CEQA and NEPA work, if necessary.

## **Cal WaterFix Update and Discussion**

Manager Gianquinto gave an update on the Cal WaterFix Project. In the near future, the Board will need to make a decision on whether or not the District will participate with other Kern County agencies to help fund the Cal WaterFix. The KCWA Member Unit Policy Group, in which the District is a participant, has been discussing and working on details for quite some time. The Manager led discussion with the Board in considering the benefits, options and long-term investment which ultimately impacts the landowners. No action was taken at this time.

## **Consider Non-Contract Water Rate for Summer 2017**

The Manager led discussion on Non-Contract summer water rates. Dispatch Supervisor, Becky Ortiz reported that a significant amount of water, approximately 3,680 AF, is scheduled to be delivered in District starting June 1<sup>st</sup>.

On motion by Director Fabbri, seconded by Director Tracy, the Board authorized the Non-Contract water rates for summer 2017 set at \$80.00/AF. Director Waterhouse opposed the motion.

## **Consider Duck Club Water Rates**

The Manager also led discussion on Duck Club Water Rates for 2017. The Board favored setting rates at \$54/AF inside the Semitropic Wildlife Improvement District and \$44/AF outside the Semitropic Wildlife Improvement District.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized the Duck Club Water Rates for 2017 as stated.

## **Consider Emergency Declaration**

The Manager stated that by the District filing an Emergency Declaration (Public Contract Code Sect. 22050 (a) (1)), it allows small projects to move forward in an expedited manner to enhance the District's ability to capture water supplies available now due to the extremely wet year,.

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

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SEMITROPIC WATER STORAGE DISTRICT  
PUBLIC HEARING MAY 17, 2017  
REGARDING PROPOSED AMENDMENT TO CONSOLIDATED  
RULES AND REGULATIONS  
And  
CONSIDER PROP. 218 MAJORITY PROTEST TO ESTABLISH  
BASIN SUSTAINAILITY CHARGES

President Wegis called the hearing to order at 1:30 p.m. He noted that a quorum was present and that the attendance had been noted in the usual fashion.

Ernest Conant, District's legal counsel, presented the Hearing process and outlined the components of the proposed changes. Manager Gianquinto made a presentation that was also given to landowners explaining the purpose of SGMA (Sustainable Groundwater Management Act). He noted the objectives of the proposed changes in the Rules were to: 1) achieve a sustainability goal at the lowest cost to landowners; 2) initial steps towards SGMA compliance; 3) maintain compliance with contracts and obligations and 4) build a fund to help acquire additional supplies, such as spot market purchases.

The method of determining water consumption has historically been done through annual crop surveys which does not take into account soil type, portions of a parcel not farmed (roads, yards) or irrigation efficiency. The remote ET sensing technology will calculate evapotranspiration at the parcel level utilizing an "on the ground Et monitoring Network" to calibrate the data collected via satellite imagery. Another alternative would be applied water metering on turnouts and meters on wells.

The Board continued discussion.

The hearing was opened for public comments at which time landowners Dennis Slater made oral comments. Larry Frey, John Wedel and Peter Bauma submitted written comments, which were provided to the Board. Ernest Conant provided a detailed verbal response to the points made in Peter Bauma letter.

Hearing no more comments, President Wegis closed the Hearing at 2:41 p.m.

All Prop. 218 Majority Protests were collected and the District Controller, who was designated to count the protests, and staff left the board room to count the protests. The public was invited to observe the counting of the protests.

## **CONSULTANT REPORTS**

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

W.M. Lyle's Representative, Rick Amigh, reported that the Meter Calibration Facility tank was erected and coating was completed during April. Piping and equipment installation will be completed in May as well as start-up and training. Lateral X-A Extension pipeline was installed and turnout work is scheduled to be completed in May. Lateral X-B Extension is underway as well and will be completed in May.

### **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 2017, which was accepted for filing.

Mr. Rodriguez also reported on engineering activities related to: developing the water supply and water use data in support of the groundwater monitoring report for the four-year period 2011-2014; Poso Creek IRWM Group monthly meeting and consultation with DWR regarding the agreement for \$250,000 grant funding for the IRWM Plan update; energy reconciliation on customer's power and energy use data for 2015; and construction management activities on the meter testing facility.

Planning activities on the Tulare Lake Storage and Floodwater Protection Project included refinement of the Project Description for the EIR and completion of additional analyses needed to support the EIR. The engineering team completed refinement of conceptual designs of the Project facilities and prepared draft cost estimates for the maximum project (2,100 cfs conveyance capacity and 30,000 AF of storage) and the minimum project (1,200 cfs conveyance capacity and 15,000 AF of storage).

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

Will Boschman of Groundwater Storage Services, Inc. reported that Agua Via is still working on development of the project to treat poor quality water from wells, pending clarification of the kind of water produced and whether or not it is considered a "new source" of water..

Aqua Planet continues to search for funding needed for initial field testing of the new technology.

California Water Service has stated that they still plan to move forward with a storage agreement; however, Semitropic does not have capacity to take in anymore water this year for storage.

Montecito Water District unanimously approved the acquisition of 1,500 shares in Semitropic's storage program. Documents are currently being drafted.

Recently Tenaska contacted Mr. Boschman with information that PG&E will require \$100 million to upgrade the SMYRNA substation and transmission line to the grid. Tenaska advised that they will be cancelling their option agreement for installation of solar facilities on District property. It is likely that Lendlease will do likewise.

Mr. Boschman represented the District at various meetings, including Kern Water Bank and State Water Contractors' Board Meetings.

### **Balance Public Relations**

Dean Florez of Balance Public Relations reported on Sacramento "Lobby Days" and the various meetings with legislators. Currently, he is tracking 15 bills in the Assembly and State Senate that are of interest to Semitropic.

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

Manager Gianquinto reported on the 2017 Spring Crop Survey results which utilized satellite imagery for on mapping process. The State Water Supply is still at 85% and Semitropic's Banking Program is running to full capacity.

The District filed a Notice of Determination to become its own Groundwater Sustainability Agency (GSA) last week which started the 90 day waiting period. If there are no conflicts or overlaps, the District will become a GSA on August 13, 2017.

### **Prop 218 Results**

Controller Salinas had rejoined the meeting and provided the results. The Manager stated that results of the Prop 218 Majority Protest were tallied and ready to be presented. Out of 3008 parcels in the District, there were protests submitted on behalf of 469 parcels, roughly 16% of parcels submitting a protest..

Discussion by the Board followed. Upon reviewing various options, it was the consensus of the Board to implement the changes in the Rules proposed, but that: (1) the Basins Sustainability Credits and Charges should only be implement on a trial or pilot basis for 2017 and no credits or charges be provided or assessed and that the results be provided to landowners; (2) the New Lands Surcharge should be implemented effective July 1, 2017; (3) the staff conduct further workshops with landowners and submit any alternatives for the Board's consideration; and (4) other conforming changes to the resolution and draft rule amendment, all of which is reflected in the Resolution referenced following.

On motion by Director Portwood, seconded by Director Waterhouse, the Board adopted provisions for a Groundwater Sustainability Plan in the form of Resolution 17-09:

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

**Closed Session**

At 3:20 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) 9 items
  - 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) *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*
  - 8) *County of San Joaquin, et al. v. Metropolitan Water Dist. Of Southern Cal., et al and related actions*
  - 9) *Center for Food Safety, et al, v. Department of Water Resources, et al. (Sac Sup #34-2016-80002469)*
  
- b. Conference with Real Property Negotiators (Govt. Code Section 54956.8)  
Consider Terms for Purchase of Real Property for Fallowing Program  
Negotiator: Jason Gianquinto, General Manager
  
- c. Conference with legal counsel to discuss Anticipated Litigation  
(Gov’t Code Section 54956.9)

At 4:35 p.m. the Board reconvened to open session. President Wegis stated that one reportable action was taken in closed session:

On motion by Director Waterhouse, seconded by Director Fabbri, the Board authorized the District to file an application and related documentation to appropriate flood waters from the Kings River with the State Water Resources Control Board.

**Adjournment**

The meeting was adjourned at 4:40 p.m. by President Wegis until Wednesday, May 31, 2017 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President