

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE SEMITROPIC
WATER STORAGE DISTRICT AND ITS GSA AND
SEMITROPIC, BUTTONWILLOW, POND-POSO,
AND WILDLIFE IMPROVEMENT DISTRICTS

Convened at 12:30 p.m. on Wednesday, November 8, 2023

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, November 8, 2023, at 12:30 p.m., at the District office located at 1101 Central Avenue, Wasco, California.

Directors Present: Dan Waterhouse, Todd Tracy, Phil Portwood,
Tim Thomson, Tom Toretta

Directors Absent: Jeff Fabbri, David Daniel

Other Participants: General Manager, Jason Gianquinto
District Engineer, Isela Medina
District Controller, Bobby Salinas
District Contract Administrator, Becky Ortiz
District Superintendent, John Lynch
District Secretary, Laura Gage
District's Legal Counsel, Steve Torigiani
Larry Rodriguez (GEI)
Greg Allen (Aviva Energy)
Rick Amigh (W.M. Lyles Co)
Dean Florez (Balance)
Brent Hankins (Hankins Farms)
Floyd Wicks (Agua Via)
Travis Millwee (Pacific Resources)
Douglas Jackson (Water Land Solutions)
Kal Kong (Valley Water)
Geoff Vanden Heuvel (Milk Producers Council)
Lindsay Cederquist (Maricopa Orchards)
Stacie Ann Silva (Altum Aqua Logic)
Chad Carroll (CJ Farmside/Whiteside Dairy)

President Waterhouse opened the meeting and welcomed all guests. Attendance was taken and recorded.

PUBLIC COMMENT

None

ACTION ITEMS

Approval of Agenda

No Action; no changes to the Agenda.

Minutes

The Minutes of the Regular Semitropic Water Storage District Board Meeting and Semitropic Water Storage District GSA Board Meeting of October 11, 2023, were presented for approval.

On motion by Director Portwood, seconded by Director Tracy, the Minutes of the Regular Semitropic Water Storage District Board Meeting and Semitropic Water Storage District GSA Board Meeting of October 11, 2023, were approved as presented.

Treasurer's Reports

The Treasurer's reports for September 2023 were presented for review and approval.

On Motion by Director Toretta seconded by Director Portwood, the Treasurer's Reports for September 2023 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

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On Motion by Director Toretta seconded by Director Portwood, the Treasurer's Reports for October 2023 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Financial Reports

District Controller, Bobby Salinas, reviewed the Financial Reports, including the Income Statement along with the Actual and Projected Cash Flow Report for October 2023.

Accounts Payable

The Cash Disbursement List for November 8, 2023, was presented for review and payment.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the November 8, 2023, 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) to Address Immediate Replacement of Radial Gates at Designated Check Structures

The District Engineer, Isela Medina, provided an overview of the Request to Continuation of Emergency Declaration (Public Contract Code Sect. 22050 (a)(1) to Address Immediate Replacement of Radial Gates at Designated Check Structures.

On motion by Director Tracy, seconded by Director Toretta, the Board approved the Continuation of Emergency Declaration

Consider Landowner Request: Truck Fueling Station APN: 103-280-55 and 103-280-70

The General Manager, Jason Gianquinto, provided an overview of a Semitropic GSA SGMA Acknowledgement form signed by the Landowner. Mr. Gianquinto then requested authorization to send a letter to the Landowner noting that the proposed project is not inconsistent with the Semitropic Groundwater Sustainability Plan subject to the provisions in the acknowledgement.

On motion by Director Toretta, seconded by Director Portwood, the Board authorized the General Manager to send a letter to the Landowner noting that the proposed project is not inconsistent with the Semitropic Groundwater Sustainability Plan subject to the provisions of the acknowledgement.

1:00 PM Public Hearing – NOTICE OF FIXING WATER SWP WATER CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2024, and consideration of adoption of resolutions BW 23-06 and PP 23-06 FIXING SWP WATER CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2024

President Waterhouse called the Hearing to order at 1:05 p.m.

District's legal counsel, Steve Torigiani, stated that this was the time and place for the public hearing on fixing the SWP Water Charge and Additional Water Use Charge for Surface Water Service for 2024.

District's legal counsel, Steve Torigiani, stated that at its October 29, 1980 meeting the Board of Directors adopted a financial plan, which among other things, provides a procedure for annually fixing the SWP Water Charge and Additional Water Use Charge and computing the amount of the budget to be allocated to the Contingency Reserve Fund. At its meeting of October 9, 1996, the Board of Directors modified the balancing formula within to plan to use a seven-year average pumping lift.

At its meeting of February 10, 2016, the Board of Directors adopted Resolution ST 16-03 certifying the results of a Proposition 218 Majority Protest proceeding establishing a SWP Water Charge and Additional Water Use Charge to be paid in lieu of the Water Use Charge and Service Charge provided for in the Water Service Contracts.

At its October 11, 2023 meeting, the Board reviewed the Finance Committees' recommendations to fix the 2024 surface water costs according to the modified plan. The Board then fixed the preliminary amount of money to be raised from the SWP Water Charge and the preliminary amount to be raised from the Additional Water Use Charge (on a per acre-foot basis), from which the preliminary rates were computed. These amounts and rates are set forth in Resolutions No. BW 23-05 and PP 23-05.

Mr. Torigiani offered the following items to be marked as indicated and attached 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 OCTOBER 27, 2023", attaching a letter to water users and persons authorized to receive water billings for water service, which enclosed a "NOTICE OF FIXING SURFACE WATER SERVICE AREA SWP WATER CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2024, AND THE TIME AND PLACE OF HEARING THEREON."

To be attached to the minutes 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 SWP WATER CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2024, AND THE TIME AND PLACE OF HEARING THEREON."

To be attached to the minutes as Exhibit C.

Manager Gianquinto provided a brief description of how the preliminary rates were arrived at for the improvement districts.

President Waterhouse opened the public hearing and asked if there were any comments, questions, or objections to the fixing of the Surface Water Area Service Charge or Additional Water Use Charge for 2023. There were none presented at the hearing. Legal counsel reported that no written comments, questions, or objections had been received by the District or any of its Improvement Districts.

The Public Hearing was closed at 1:13 p.m.

There being no comments or objections to fixing said charges, Legal Counsel presented Resolution No. BW 23-06 and PP 23-06 for the Board's consideration.

On motion by Director Toretta, seconded by Director Portwood, the Board adopted Resolution Nos. BW 23-06:

The President called for a roll call vote to adopt said resolution and approve inclusion of each and all said Exhibits as part of the Minutes. The following is a record of the roll call vote:

AYES: Directors Tracy, Thomson, Toretta,
Waterhouse, and Portwood
NOES: None
ABSENT: Directors, Fabbri, and Daniel
ABSTAIN: None

The President announced that the motion carried.

On motion by Director Toretta, seconded by Director Portwood, the Board adopted Resolution Nos. PP 23-06:

The President called for a roll call vote on to adopt said resolution and approve inclusion of each and all of said Exhibits as part of the Minutes. The following is a record of the roll call vote:

AYES: Directors Tracy, Thomson, Toretta,
Waterhouse, and Portwood
NOES: None
ABSENT: Directors, Fabbri, and Daniel
ABSTAIN: None

The President announced that the motion carried.

1:30 PM Public Hearing RE FORMATION OF THE KERN WATER BANK (KWB) GROUNDWATER SUSTAINABILITY AGENCY (GSA) FOR THE KERN WATER BANK LANDS BY JOINT POWERS AGREEMENT (JPA)

President Waterhouse called the Hearing to order at 1:34 p.m.

District's legal counsel, Steve Torigiani, stated that this was the time and place for the public hearing regarding the proposed formation of the **Kern Water Bank Groundwater Sustainability Agency** as the exclusive Groundwater Sustainability Agency for the portion of the Kern County Subbasin situated within approximately 20,600 acres of lands owned by the Kern Water Bank Authority, referred to as the "Kern Water

Bank Lands.” Mr. Torigiani noted that this hearing is being conducted consistent with the Sustainable Groundwater Management Act and in particular Water Code Section 10723(b). Notice of this hearing was published in the Bakersfield Californian on October 23rd and October 30th, 2023. Proof of such publications has been provided to the District and is hereby made a part of the record of this hearing.

Mr. Torigiani provided a brief background stating that the District is a member entity of the Kern Water Bank Authority which owns and operates the Kern Water Bank storage project on the Kern Water Bank Lands. The Authority participates in the KGA GSA to provide for SGMA compliance for the Kern Water Bank Lands via a chapter of the KGA GSP. Several members of KGA have elected to become GSAs, and the resubmitted Subbasin GSPs are currently undergoing revision in light of DWR’s inadequate determination earlier this year. District Staff believes it is in the best interests of the District that a GSA be formed to exclusively manage the Kern Water Bank Lands as required by SGMA. As expressly authorized by SGMA [Water Code § 10723.6(a)(1)], the proposal before the Board today is for the 5 local agency members of the Kern Water Bank Authority: Dudley Ridge Water District, Kern County Water Agency, Semitropic Water Storage District, Tejon-Castaic Water District, and Wheeler Ridge-Maricopa Water Storage District, to combine to collectively form a GSA for the Kern Water Bank Lands through a Joint Powers Agreement. As also expressly authorized by SGMA [Water Code § 10723.6(b)], the Joint Powers Agreement before the Board would provide for the GSA to enter into a legal agreement - referred to as a “Memorandum of Agreement” or “MOA” - with the mutual water company member of Kern Water Bank Authority - Westside Mutual Water Company. Under the MOA, Westside Mutual Water Company would be able to participate in the GSA, although to be clear Westside Mutual is not one of the 5 local agencies forming the GSA or signing the Joint Powers Agreement.

There being no comments or objections to fixing said charges, Legal Counsel closed the Hearing at 1:40 p.m. and presented Resolution No. ST 23-10 for the Board’s consideration.

On motion by Director Toretta, seconded by Director Portwood, the Board adopted Resolution No. ST 23-10 FORMATION OF THE KERN WATER BANK GROUNDWATER SUSTAINABILITY AGENCY (GSA) COVERING THE KERN WATER BANK LANDS, approving formation of the Kern Water Bank Groundwater Sustainability Agency pursuant to a Joint Powers Agreement (JPA), in combination with 4 other local agencies, and authorizing the General Manager to execute the JPA is substantially the form attached to the resolution:

The President called for a roll call vote on the motion. The following is a record of the roll call vote:

AYES:	Directors Tracy, Thomson, Toretta, Waterhouse, and Portwood
NOES:	None

ABSENT: Directors, Fabbri, and Daniel
ABSTAIN: None

The President announced that the motion carried.

SEMITROPIC WSD GSA UPDATE

At 1:40 p.m., the Board President, Dan Waterhouse declared a meeting of the Semitropic Water Storage District Groundwater Sustainability Agency.

SGMA Updates and Discussion

The General Manager, Jason Gianquinto and GEI Consultant, Larry Rodriguez provided an update on the District's SGMA related activities. Mr. Rodriguez provided brief update on the technical working group (TWG) noting the TWG is working to keep the process moving forward to get a completed GSP done for the subbasin.

The GSA meeting concluded at 1:43 p.m.

CONSULTANT REPORTS

SWRU – Construction Update by W.M. Lyles

W.M. Lyle's Representative, Rick Amigh Provided an overview of their progress report which was provided with the Board Packet.

Consulting Engineer's Report

Larry Rodriguez from GEI Consultants presented and summarized GEI's "Consulting Engineers Report on Projects for October 2023" for work during October 2023, which was accepted for filing.

Balance Public Relations

Dean Florez of Balance Public Relations provided an update of legislative activities in Sacramento.

REDTrac

Greg Allen of REDTrac provided a brief presentation on the Energy Cost Allocation Reports.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto noted that the Staff Report, titled "District Activity During

October 2023,” dated November 3, 2023, was included with the Board Packet. In addition, the following items were discussed:

The State Water Contractors are continuing to engage with DWR to respond to public comments on the draft EIR, refine operations criteria and modeling, and to advance the proposed Delta Conveyance Project (DCP) Contract Amendment. DWR is expecting to finalize the EIR by the end of 2023 and DWR is expecting to certify the Final EIR 10-days after publication. This past month, Design and Construction Authority (DCA) staff informed the State Water Contractors that there is a need for funding associated with additional Planning and Design activities. It is believed the funding is associated with the permitting process for the proposed DCP project. DCA staff will present funding options and recommendations to the DCA board at the November meeting. The DCA is also planning to provide updated project cost information by the end of Q1 2024 and an updated cost benefit analysis by the end of Q2 2024. At this time DWR is expecting funding decisions for the project in 2024.

As previously noted, on April 20, 2023, the SWP Allocation was increased from 75 to 100%.

The District, for the month of October, continues to maximize deliveries of SWP water to the District, KWB and Pioneer.

On October 31st, the SWC’s provided an operations update. The Allocation models continue to support the 100% allocation. DWR’s operational modeling also continue to project lower than expected end of year storage in San Luis Reservoir. Therefore, it is not expected that article 21 will be made available this fall as noted in previous reports and the risk of losing carryover due to spill is significantly reduced. It is not certain how this information may alter the SWP Contractor’s delivery schedules for the remainder of the year.

Ms. Isela Medina, District Engineer, provided an update on recurring activities and winter work.

Mr. John Lynch, District Superintendent, provided an update regarding winter work and O&M activities.

At 2:21 p.m. President Waterhouse adjourned the Regular Board meeting, and it was reported that there was a need for the Board to reconvene in closed session.

Closed Session

At 2:33 p.m. the meeting continued with Closed Session.

Participants included:

Directors Present: Dan Waterhouse, Todd Tracy, Phil Portwood,
Tim Thomson, Tom Toretta

Directors Absent: Jeff Fabbri, David Daniel

Other Participants: General Manager, Jason Gianquinto
District Engineer, Isela Medina
District Controller, Bobby Salinas
District Contract Administrator, Becky Ortiz
District Secretary, Laura Gage
District's Legal Counsel, Steve Torigiani

During open session, the District's legal counsel, Steve Torigiani, stated that a closed session was needed to discuss various closed session matters, including reporting on the following items of pending and anticipated litigation:

- a. *Conference with legal counsel Re: Litigation (Govt. Code § 54956.9(d)*
 - 1) *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.*
 - 2) *Cal. Dep't of Water Res. v. All Persons Interested, "Complaint for Validation" Re: SWP Contract Extension Amendment, Sacramento Superior Court, Case No. 34-2018-00246183, Third Appellate District, Case No. C096316*
 - 3) *State of CA Dept. of Trans. v. Semitropic WSD, Kern County Superior Court, Case No. BCV-19- 100326*
 - 4) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-100786*
 - 5) *Sierra Club v. California Department of Water Resources (DWR), etc. Re: Consolidated CEQA Case and "Complaint for Validation" Re: Delta Program Revenue Bonds, Sacramento County Superior Court, Case No. 34-2020-80003517*
 - 6) *Rosedale-Rio Bravo Water Storage District v. Kern County Water Agency, et al., Kern County Superior Court, Case No. BCV-21-100418*
 - 7) *KWBA, et al. v. Kern LAFCo, et al., Kern County Sup. Ct., Case No. BCV-21-101310*
 - 8) *KWBA, et al. v. Buena Vista Water Storage Dist., et al., Kern County Sup. Ct., Case No. BCV-22- 101227*
 - 9) *Semitropic Water Storage Dist. v. The Dow Chemical Co., et al., Kern County Sup. Ct., Case No. BCV-21-102528*
 - 10) *Macut v. Wabash National, et al., Kern County Superior Court, Case No. BCV-22-100318*

- b. Conference with Legal Counsel Re: Anticipated Litigation: Possible exposure to litigation pursuant Gov't Code § 54956.9(d)(2) and § 54956.9(e) (Gov't Claims Act claim).*
 - 1) *One Claim.*
 - 2) *One Potential Case.*

- c. Conference with Legal Counsel Re: Anticipated Litigation: Possible initiation of litigation pursuant to Govt. Code § 54956.9(d)(4)*
 - 1) *Two Potential Cases.*

- d. Conference with Real Property Negotiator (Govt. 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*
 - 2) *Acquisition of Water Supplies*
 - a. Negotiation with: Multiple sellers*

At 3:13 p.m. the Board reconvened to open session.

President Waterhouse stated that several items were discussed but no reportable action was taken in closed session.

Adjournment

The meeting was adjourned at 3:14 p.m. by President Waterhouse.

APPROVED:

 Todd Tracy, Secretary

 Daniel Waterhouse, President