

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

Convened at 8:00 a.m. on Wednesday, May 17, 2023

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, May 17<sup>th</sup>, 2023, at 8:02 a.m., at the District office located at 1101 Central Avenue, Wasco, California.

Directors Present: Dan Waterhouse, Todd Tracy, Tom Toretta, Tim Thomson, Jeff Fabbri, Phil Portwood, Jon Reiter

Directors Absent: None

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,  
Larry Rodriguez (GEL),  
W.M. Lyles Representative, Rick Amigh,  
Jesus Alonso, Clean Water Action  
Jaymes Lee, California Water Reclamation LLC  
Floyd Wicks, Agua Via,  
Greg Allen, REDtrac,  
Kaho Kong, Santa Clara Valley Water District,  
Vincent Sorena, Nuveen Natural Capital,  
Carl Fanucchi, FDMI,  
Mike Bautista,  
Chad Carrol  
John Gaugel, Wonderful Orchards  
Jake Cauzza, Cauzza Bros.

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 on April 12, 2023 were presented for approval.

On motion by Director Toretta, seconded by Director Portwood, the Minutes of the Regular Semitropic Water Storage District Board Meeting and Semitropic Water Storage District GSA Board Meeting of April 12, 2023 were approved as presented.

### **Treasurer's Reports**

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

On Motion by Director Toretta seconded by Director Fabbri, the Treasurer's Reports for April 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 April 2023. Mr. Salinas noted that the Income Statement with the Actual and Projected Cash Flow Report for 2023 are based on the original Budget.

### **Accounts Payable**

The Cash Disbursement List for May 17, 2023, was presented for review and payment.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized payment of the Accounts Payable as listed on the May 17, 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."

### **California Water Reclamation LLC – Presentation (Jaymes Lee)**

Mr. Jaymes Lee, President of California Water Reclamation LLC addressed the Board and provided a presentation which provided an overview of their operation and the Waste treatment Services available.

**Consider Approval of 2023 Landowner Recharge Program**

The General Manager, Jason Gianquinto provided an overview of the 2023 Recharge Program.

On Motion by Director Tracy, seconded by Director Fabbri, the Board approved the 2023 Landowner Recharge Program.

**Consider Adoption of Resolution(s) Fixing General Administrative Charges (GASC) and General Project Services Charges (GPSC and Scheduling June Public Hearing**

The General Manager, Jason Gianquinto, reviewed the resolution(s) and supporting documents associated with fixing the GASC and GPSC.

On Motion by Director Portwood, seconded by Director Toretta, the Board adopted Resolutions BW 23-02, PP 23-02, BW 23-03, and PP 23-03

**SEMITROPIC WSD GSA UPDATE**

**8:30 AM PUBLIC HEARING – PROPOSED FINAL ADMINISTRATIVE IMPOSITION OF CIVIL PENALTIES FOR EXCEEDANCE OF LANDOWNER WATER BUDGETS FOR CALENDAR YEAR 2022**

At 8:33 am, Director Waterhouse opened the Hearing. The District’s Attorney, Steve Torigiani addressed the board to describe the purpose of the hearing and describe the relevant background and other matters, including prior resolutions adopted by the GSA authorizing the landowner water budget program and establishing procedures for administrative imposition of penalties for exceedance of water budgets. Mr. Torigiani presented the following two exhibits: “Affidavit of Mailing of Letters to District Landowners regarding the following subject: Notice to District Landowner of Preliminary Fixing and Proposed Final Administrative Imposition of a Civil Penalty for Landowner Water Budget Exceedance for Calendar Year 2022, and Time and Place of Hearing thereon,” attached hereto as Exhibit “B”; and “A Proof of Publication from the Bakersfield Californian for the Semitropic Water Storage District and Semitropic Water Storage District Groundwater Sustainability Agency’s ‘Notice of Preliminary Fixing and Proposed Final Imposition of Civil Penalties on District Landowners Exceeding Their SGMA Landowner Water Budgets for Calendar Year 2022, and the Time and Place of Hearing Thereon,’ attached hereto as Exhibit “C.”

The District's General Manager, Jason Gianquinto, described how the budget exceedances and penalty rate of \$500 per AF of exceedance, and total penalty amounts, were arrived at and calculated for each of the landowners exceeding their water budgets

for calendar year 2022. Upon completion of Mr. Gianquinto's presentation, the District President, Director Waterhouse entertained questions, comments and any objections from the Board and members of the public in attendance.

Landowner Jake Cauzza questioned the amount of time landowners have to provide additional information to qualify to be exempt from imposition of a landowner water budget exceedance penalty. General Manager Jason Gianquinto responded to Landowner Cauzza's question, stating "Now will be the time" and also noted that landowners have the option to aggregate lands under common ownership and a new aggregated landowner water budget statement can be prepared.

Landowner Carl Fanucchi questioned if landowners can donate water they didn't use to those who have over used. General Manager Jason Gianquinto responded to Landowner Fanucchi's question, stating "Not at this time," however Mr. Gianquinto also noted that Landowners have the option to aggregate lands under common ownership and a new aggregated landowner water budget statement can be prepared.

Mr. Jesus Alonzo questioned if the Landowner Exceedance List is public. General Manager Jason Gianquinto responded to Mr. Alonzo's question, stating "Yes." Mr. Alonzo asked about and was informed that Lost Hills Utility District was not on the list of landowners exceeding their water budget for calendar year 2022.

The General Manager, Jason Gianquinto, after addressing the questions from members of the public in attendance, noted that one written comment was received, which was an email from Landowner Major Dhjllon and read the comment to the board.

There being no further questions, comments or objections, Director Waterhouse closed the public hearing.

President Waterhouse the asked attorney Steve Torigiani to state the question before the Board. Mr. Torigiani stated the question was to determine, by adoption of resolution (Resolution No. ST GSA 23-05), whether the civil penalties for calendar year 2022 water budget exceedances by identified District landowners, in the amounts preliminarily fixed, or as modified in some manner, shall be administratively finally imposed by the GSA on some or all of the landowners, taking into account all relevant circumstances.

On motion by Director Portwood seconded by Director Toretta, the Board adopted Resolution ST GSA 23-05 authorizing the imposition of civil penalties in the amounts specified in Exhibit "A" thereto for exceedance of Landowner water budgets for calendar year 2022.

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, Fabbri, Tracy, Reiter and Waterhouse

Noes: None  
Abstain: None  
Absent: None

The President announced that the motion carried.

Finally, attorney Torigiani summarized the process that the District would be following to notify the landowners upon which penalties were imposed and to collect the same including further penalties and other remedies available to the District in the event of untimely payment and non-payment.

### **Semitropic WSD GSA**

At 9:35 a.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 a brief update on the work being done in the basin to address the deficiencies noted by DWR in their inadequate determination. Mr. Gianquinto further noted that the following districts have submitted their notice of intent to withdraw from the Kern Groundwater Authority: Rosedale Rio Bravo WSD, Shafter Wasco Irrigation District, North Kern Water Storage District, Cawelo Water District, and Southern San Joaquin Municipal Utility District. Discussion then followed.

The GSA meeting concluded at 9:48 am.

### **CONSULTANT REPORTS**

#### **SWRU – Construction Update by W.M. Lyles**

W.M. Lyle's Representative, Rick Amigh, noted that W.M. Lyles progress report is included with the Board Packet.

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

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

#### **Balance Public Relations**

Mr. Gianquinto noted that Dean Florez of Balance Public Relations was not present today, but that Mr. Florez's Monthly Report for April -May was provided via email and was included with the Board Packet.

## **REDTrac**

Greg Allen of REDTrac did not have a report this month.

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

Manager Gianquinto noted that the Staff Report, titled "District Activity During April 2023," dated May 10, 2023, was included with the Board Packet. In addition, the following items were discussed:

On April 20, 2023 the SWP Allocation was increased from 75 to 100%. The SWP has not provided a 100% allocation since 2006. On April 28<sup>th</sup> the SWC's Operation's committee held a meeting at which DWR presented an updated suite of allocation studies based upon the most recent hydrology. The 100% allocation is consistent with DWR's Allocation analysis for the 90% probability of exceedance.

As previously noted, DWR initiated deliveries of Article 21 on March 22<sup>nd</sup>. The District, for the month of April continued taking delivery of Article 21 in District as well as delivering Article 21 to the Kern Water Bank. The District's ability to take Article 21 at the Kern Water Bank and in District is limited due to preference for maximizing delivery of Kern River Lower River Water via the KCWA which started on March 17<sup>th</sup>. The District is currently blocked from recharging water at the Pioneer Project as the recharge participants are banking for overdraft correction.

District staff are working diligently to maximize opportunities for recharge for the benefit of the District and our Banking partners. District staff continues to engage with landowners to promote landowner recharge as well as to maximize delivery of Non-Contract water for in-lieu recharge. The District, based upon our historical operations for the months of May to December expects to deliver between 330,000 and 400,000 AF. This includes a minimum of 140,050 for our bankers and delivery of our 100% table A (155,000 AF) by December 31, 2023.

Lastly, the District continues working with our neighboring Districts (Buena Vista, North Kern, Shafter Wasco) to utilize our existing interties to take delivery Kern River Water in District.

Ms. Isela Medina, District Engineer, provided an update regarding a number of the District projects and the current status of each.

At 10:10 a.m. President Waterhouse adjourned the Regular Board meeting.

## **Closed Session**

At 10:24 a.m. the meeting continued with Closed Session.

Participants included:

Directors Present: Dan Waterhouse, Todd Tracy, Tom Toretta, Tim Thomson, Jeff Fabbri, Phil Portwood, Jon Reiter

Directors Absent: None

Others: 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,  
Larry Rodriguez (GEI),

The District's legal counsel, Steve Torigiani, stated that a closed session was needed to discuss various closed session matters.

The District's legal counsel reported 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*
- 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) *Two Claims.*
    - 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*
      - b. *Negotiation with: Multiple sellers*

At 11:43 a.m. the Board reconvened to open session.

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

### **Adjournment**

The meeting was adjourned at 11:44 a.m. by President Waterhouse.

APPROVED:

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Daniel Waterhouse, President

Todd Tracy, Secretary