

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
August 9, 2017

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, August 9, 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 and John Jones;
District's Legal Counsel, Ernest Conant;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez
Shafter-Wasco I.D. Representative, Dana Munn;
Maricopa Orchards Representatives, Jason Pucheu;
Agua Via Representative, Floyd Wicks;
Braun Electric Representative, David Houlett;
Water Wrights Reporter, Don Wright; and
District landowner representatives, John Wedel,
Bret Sill, and Brent Starrh.

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

ACTION ITEMS

Approval of Agenda

It was noted that one new action item came to Staff's attention after posting the Agenda and will need action before the next Board Meeting: Consider GEI Task Order 09-2017 for Evaluation of Subsurface Recharge. A change was made to the language on item (g) Consider Landowner Request to Waive New Land Surcharges-CWZone, LLC & Hein. Two new Closed

Session items were added for discussion: Water Supply Acquisition: West Stanislaus and Water Supply Acquisition: Agua Via.

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

Minutes

The Minutes of the Regular Board Meetings on July 12, 2017 and Special Board Meeting on July 13, 2017 were presented for approval.

On motion by Director Waterhouse, seconded by Director Toretta, the Minutes of the Regular Board Meeting on July 12, 2017 and Special Board Meeting on July 13, 2017 were approved.

Treasurer's Report

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

On motion by Director Waterhouse, seconded by Director Portwood, the Treasurer's Reports for July 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. The cash flow projection is a little below the original year-end projection due to bringing more Table A water into the District which temporarily reduces inflows from Banking Partners.

Accounts Payable

The Cash Disbursement List for August 9, 2017 was presented for review and payment. Discussion followed regarding water purchased from Buena Vista and Kern River water purchased from the City of Bakersfield.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the August 9, 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 requested the continuation of the Emergency Declaration made by the Board at its May 17, 2017 meeting. This would allow small projects, such as replacement of canal bridges, to move forward in an expedited manner. Discussion followed.

On motion by Director Tracy, seconded by Director Waterhouse, 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 Landowner Request to Waive New Land Surcharges – CWZone, LLC & Hein

Manager Gianquinto reported that CWZone, LLC is an absentee landowner based out of Texas and did not receive the Notice from the District regarding New Land Surcharges until a couple weeks after the July 1st deadline to register. CWZone representatives came into the District to enroll their property in the assessments, stating that development was already in process on approximately 320 acres when they received notice and requested that the Board waive the late charges.

The second landowner, Martin Hein, came to the District and spoke with staff on June 16th to get his property enrolled in the assessments. He made the request before the deadline but didn't get the letter of request to the District until after July 1. He is developing about 160 acres of farm land and another 60 to 70 acres which will be under special project assessments.

The Manager requested that both landowners be grandfathered into the assessment program and New Land Surcharges be waived due to the reasonable circumstances for each.

On motion by Director Tracy, seconded by Director Toretta, the Board waived the New Land Surcharges for CWZone, LLC and Marten Hein and will add both landowners to the roll to be billed under the District's regular assessment program.

Consider Approval of Budget for P-667 And A-System Intertie

Isela Medina, Staff Engineer, reported that last month, the Board authorized the design for construction of the SWRU mainline to connect the P-667 to the A-System. The Design-Build Team prepared a design budget of \$194,000 for about 4 ½ miles of pipeline extension of System A to plumb in about 2,800 acres of farm land. This is a portion of the overall project to build out Systems X, Y and Z which is estimated at \$4.6 Million, plus legal fees and land costs. These facilities will be of benefit to help utilize the Tulare Lake Storage and Recovery Project. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized the budget of \$194,000 for design of the P-667 and A-System Intertie.

Consider GEI Task Order 08-2017 for Development of Hydrologic Conceptual Model and Groundwater Conditions in Support of SGMA

The Manager presented GEI Task Order 08-2017 which will address a component required relative to the Groundwater Sustainability Plan. The Poso Creek Group, along with Buena Vista worked with GEI to propose a plan to develop a hydrologic conceptual model and lay out existing groundwater conditions in our portion of the basin. The overall budget is about \$464,200 and will be shared by all the Poso Creek IRWMP members plus Buena Vista and a portion of Kern-Tulare. Semitropic's share will be approximately \$167,000. Discussion followed.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized execution of GEI Task Order 08-2017 for Development of Hydrologic Conceptual Model and

Groundwater Conditions in Support of SGMA with the District's share of costs approximately \$167,000.

Consider GEI Task Order 09-2017 for Evaluation of Subsurface Recharge

Manager Gianquinto presented GEI Task Order 09-2017 for Evaluation of Subsurface Recharge. The scope of services involves research and a preliminary evaluation of the technical feasibility of employing subsurface recharge as a water management strategy. Work will be performed on a time-and-expense basis with a total budget estimated at \$37,000.

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized execution of GEI Task Order 09-2017 for Evaluation of Subsurface Recharge with a budgeted amount of \$37,000.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh, reported that minor modifications will be performed on the Raw Water Processing Plant (RWPP) to improve pH monitoring and polymer mixing in the coming months. W.M. Lyles is assisting with the publishing of an Engineering Report related to the operational improvements at the RWPP.

The Junction Pumping Plant turbine generator is currently operating at 70% flow rate and work is being done to improve performance to 100% flow rate. Cooling fans Y capacitors are being considered to reduce heat and amperage to the components to allow full generating capacity.

The Design-Build Team is preparing a Phase 1 proposal for engineering and preconstruction tasks for expansion of the SWRU Systems XYZ expansion.

On the Tulare Lake Project, engineering and environmental teams continued work on the project. W.M. Lyles provided assistance with budget and construction impact analysis to support the District's Draft EIR and grant application.

The System A Booster Station road crossing, pipeline, mechanical and electrical work were completed. Other minor items will be completed in the next few weeks.

The Lateral P-667-3 pipeline and Turnout at 11GW were installed and are operational. WMLyles is coordinating the construction of Reservoir Turnouts W2 and W4 with the landowner which should be completed and operational in a few weeks.

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 July 2017, which was accepted for filing.

Mr. Rodriguez also reported on activities to finalize the grant contract with DWR for the planning grant which will contribute \$250,000 to the cost of funding the Poso Creek IRWMP update. North Kern will manage the grant on behalf of the RWMG and will be executing the contract.

Final documents were prepared for the Prop.1 Water Storage Investment Program (Tulare Lake Project) application. Supporting materials were provided for the development of the Project's draft Environmental Impact Report which was prepared by RMC. "Public benefits" of the Project were a significant component of the funding request on the application which included:

- Eco system improvement to the Delta and the historic Tulare Lake.
- Flood control improvement by reducing flood risks to Prime Agricultural Lands and disadvantaged communities within the Kings River and Upper San Joaquin River.
- Recreation improvements in the historic Tulare Lake.
- Emergency response (banked water in Kern County).

So called "Non-public benefits" which are not eligible for Prop. 1 funding include:

- Water supply and operational flexibility improvements for the SWP.
- Groundwater banking (overdraft correction) and enhanced conjunctive use between Semitropic and neighboring agencies.
- Improved water quality in the SWP and local groundwater basins.

Work commenced on development of a plan to monitor and evaluate the effects of recharge of a landowner-developed subsurface recharge project.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. updated the Board on work with Agua Via on two Water Purchase Agreements, one between Semitropic and Agua Via and another agreement where 2 other buyers will share some of the water produced with Semitropic.

Aqua Planet's President, Mike Young, reported again that they are making very significant progress in securing financial backing needed and expects initial funds to be available soon. An invitation was extended again to District management and Board to visit the Lawrence Livermore Lab for a demonstration of bench tested water treatment technology that they propose to use.

Montecito Water District's activity is related to processing CEQA and other documents that will be needed to move water into storage.

Mr. Boschman represented the District at various meetings, including the Delta Coalition Committee and Kern Water Bank Authority where it was noted that 320,000 AF of water has been stored to date which could go over 500,000 AF by the end of the year. Another topic of discussion was mosquito control which has become a big concern this year.

At the State Water Contractors Delta Committee meeting in Sacramento, it was reported that the San Joaquin River was at 71% of average and did not quite break an historical record; 80% of the water in the Delta is going to the ocean; and the State is rapidly drawing down Oroville Reservoir primarily to accommodate spillway construction and avoid the potential of spill during construction.

At the State Water Contractors meeting, it was noted that the San Luis Reservoir anticipated an 800,000 AF carryover to next year.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that the County well at the County waste yard on Schofield was completed and the drilling rig and all of the equipment was moved back to the well yard. The developing unit was moved to the County well and after a few days, produced 2,650 gpm. The water stabilized at 390 feet.

Drilling staff did a complete inventory of the casing and conductor pipe that the District has in the well yard.

Balance Public Relations

Dean Florez of Balance Public Relations reported that Grant Davis has been appointed as the new Executive Director of Water Resources and there have been several other changes in State management positions. A few bills that Mr. Florez has been tracking concerning water issues are being held in appropriations committee.

Early projections of the Governor's race include Gavin Newsom and Antonio Villaragosa as the top candidates for the 2018 Election. Discussion followed on various candidates and other legislators scheduled to visit the District.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During July" dated August 4, 2017 was accepted for filing. In addition, the following items were presented:

California Water Fix

On July 13, 2017 the Kern County Water Agency held a workshop regarding the California Water Fix and to provide an update on status. The Agency is targeting September 28, 2017 as the date to make a decision as to a funding commitment.

DWR is considering providing bridge funding of the project to the end of September 2017 and possibly to the end of the year, depending upon State Water Contractors commitments.

State Water Project

It is highly likely that at the end of the water year there will be a significant amount of water remaining in San Luis Reservoir which would cause a high probability of spilling. Therefore, the District is planning to have no more than 15,000 AF of 2017 carryover water in San Luis Reservoir going into 2018 and it is likely that Noncontract water will be available to all water users for the first portion of 2018. District staff plans to bring as much carryover water as possible into the District and move water into neighboring districts, if possible, to move it out of San Luis Reservoir and risk losing it.

Outreach

The Manager reported on various outreach activities in which the District participated, including a meeting with Dr. Richard Luthy and Dr. Leon Szeptycki from Stanford University to discuss water supply and water security issues in drought prone regions. The General Manager was interviewed by "Voice of America" regarding the benefits of water banking. The General Manager

and Directors also met with Antonio Villaragosa and Assemblyman Jim Cooper in an effort to discuss groundwater issues in the San Joaquin Valley, Kern County and water storage south of the Delta.

Kern Groundwater Authority

The Kern Groundwater Authority (KGA) Board met and discussed two proposals received for the KGA management position. A committee was directed to hold interviews and provide recommendation to the KGA Board for consideration.

The KGA Board continued discussion and refinement of the issues to submit to legal counsel who will then prepare an opinion to assist with developing policy guidance for implementation and incorporation in Groundwater Sustainability Plan development.

Closed Session

At 1:50 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: Graham & Associates
 - b. Under Negotiation: Price and Terms
 - 2) Water Supply Acquisition:
 - a. Negotiation Parties: NORMWD
 - b. Under Negotiation: Price and Terms
 - 3) Water Supply Acquisition:
 - a. Negotiation Parties: West Stanislaus
 - b. Under Negotiation: Price and Terms

- 4) Water Supply Acquisition:
 - a. Negotiation Parties: Agua Via
 - b. Under Negotiation: Price and Terms
- 5) 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 3:50 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed; however, no action was taken.

Adjournment

The meeting was adjourned at 3:52 p.m. by President Wegis until Wednesday, August 23, 2017 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President