

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
April 12, 2017

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, April 12, 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 and Rick Wegis;

Directors Absent: Dan Waterhouse;

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 Executive Secretary, Marsha Payne;
District Consultant, Will Boschman;
District's Legal Counsel, Ernest Conant;
District's Consulting Engineers, GEI Consultants, Inc.,
Represented by Dick Rhone, Larry Rodriguez and
Sam Schaeffer;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Maricopa Orchards Representatives, Jon Reiter and
Jason Pucheu;
Wonderful Orchards Representative, Andrew Edstrom
and Tim Gobler;
Aviva Energy Representative, Greg Allen;
North-West Kern RCD Representative, Brian Hockett;
ACWA-JPIA Representative, Robert Greenfield;
And District Landowners, Jeremy Blackwell,
Keith Starrh, Brent Starrh, Scott Silva, Katy Ellis;
Brandon Spain and Brent Hankins.

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

PUBLIC COMMENT PERIOD

General Manager, Jason Gianquinto, introduced Robert Greenfield, General Counsel of ACWA-JPIA, who made a presentation to the Board with a check for \$56,139.05. The District operates with good safety standards and maintained a low claim program during the past year, therefore, received a refund on the Retrospective Premium Adjustment known as the “RPA Fund”.

ADMINISTER OATH OF OFFICE

Manager Gianquinto reported that the Kern County Board of Supervisors officially reappointed three Directors whose terms were up for re-election. Those reappointed for another 4-year term included:

Director Tom Toretta – Division 2
Director Phil Portwood – Division 5
Director Rick Wegis – Division 7

The Oath of Office was administered by Executive Secretary, Marsha Payne, to all three Directors: Toretta, Portwood and Wegis, after which the Directors officially assumed full privileges and responsibilities of their reappointed positions.

ACTION ITEMS

Approval of Agenda

It was noted that one new item came to Staff’s attention after posting the Agenda and will need action before the next Board Meeting: Consider Amended and Restated Joint Powers Agreement for Kern Groundwater Authority.

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

Minutes

The Minutes of the Regular Board Meeting on March 8, 2017 and Special Board Meeting on March 20, 2017 were presented for approval. It was noted that Staff made a correction before the Board Meeting and the corrected Minutes were presented.

On motion by Director Tracy, seconded by Director Fabbri, the Minutes of the Regular Board Meeting on March 8, 2017 and Special Board Meeting on March 20, 2017 were approved.

Treasurer’s Report

Due to the absence of the Treasurer, the March 2017 Treasurer’s Report will be presented for review and approval at the May 2017 Board Meeting.

Financial Report

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report. The Budget update is in progress as the water outlook changes and requests for additional recharge are updated.

Accounts Payable

The Cash Disbursement List for April 12, 2017 was presented for review and payment. There was no discussion.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the April 12, 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 Reorganization of Board Officers & Committees

Board President, Rick Wegis, stated that this was the time and place to reorganize the Board and asked if there were any nominations from the floor.

There being none and it being the consensus of the Board that other officers remain the same, the Board unanimously approved the slate of Board officers which are as follows:

President	Fredrick A. Wegis
Vice President	Philip Portwood
Treasurer	Dan Waterhouse
Secretary	Todd Tracy
Assistant Secretary	Jason Gianquinto

Consider Resolution of Commendation to Richard “Dick” Rhone

President Wegis stated that Richard “Dick” Rhone commenced serving Semitropic Water Storage District as a consulting engineer with Bookman-Edmonston Engineering in 1960 to assist with the planning, design and construction of a project to import State Water Project water for the benefit of the District’s landowners and has continued serving in this role to this date, albeit presently known as GEI Consulting.

Dick Rhone’s unique knowledge of the State Water Project and relationship with the Metropolitan Water District of Southern California was instrumental in forging one of the first, significant water resources management partnerships between agricultural and municipal interests in the state, which was the cornerstone of what has become the District’s 1.65 million acre-foot Groundwater Banking Program. Mr. Rhone has provided invaluable institutional continuity throughout the District’s operating history which has benefitted the District’s Board of Directors and its management and, ultimately, its landowners.

President Wegis read the Resolution and presented Mr. Rhone with the plaque expressing the District's appreciation for his more than 57 years of consulting engineering services to the District and its landowners. The Board unanimously wished him a long and happy retirement with the presentation of Resolution No. ST 17-06:

COMMENDING RICHARD "DICK" RHONE
AND EXPRESSING APPRECIATION FOR HIS MANY YEARS
OF SERVICE TO THE SEMITROPIC WATER STORAGE DISTRICT

Consider Request for Financial Assistance Relative to 2017 Poso Creek Flooding

Manager Gianquinto stated that Poso Creek started flooding in early January this year and continued until just a couple weeks ago. Governor Jerry Brown made financial assistance available through FEMA who would pick up 70% of the repair costs and Cal OES paying 75% of the remainder, through North West Kern Resource Conservation District (RCD). There will be about \$5,800 remaining uncovered. Discussion followed regarding past flooding and cleanup operations.

The District has a long-term agreement with the RCD to utilize access to Poso Creek for the conveyance of water and groundwater recharge and therefore it is in the best interest of the District that the channel be operational to carry out its water management programs. Among other things, the District introduces water near Scofield, then delivers it to the North Pintail Slough and South Pintail Slough to run water to the duck clubs and other entities. The Manager made a request to the Board to approve financial assistance to the RCD in the amount of \$82,752.50 to cover the costs for repairs and damages, of which 93.7% will be reimbursed to the District. It was also requested that the Board consider contributing the remaining amount to the RCD.

On motion by Director Fabbri, seconded by Director Thomson, the Board authorized financial assistance to the RCD in the amount of \$82,752.50 to cover the costs for repairs and damages to the Poso Creek, of which 93.7% will be reimbursed back to the District through State programs. The District will contribute the balance to the RCD to cover the remaining costs.

Consider Project Recovery Operations Plan Regarding Pioneer Project, Rosedale- Rio Bravo & Kern Water Bank

Manager Gianquinto reported that the District has been working collaboratively with the Pioneer Project and Rosedale Rio Bravo Project, participating in both the Kern Water Bank and Pioneer Project relative to the Joint Operations in the litigation process a few years ago. A Joint Operations Committee (JOC) developed an interim plan to deal with claims until a long term plan is prepared.

On motion by Director Fabbri, seconded by Director Tracy, the Board authorized the General Manager to execute an agreement to participate in the Joint Operations Plan developed by the Committee as related to the Kern Water Bank, Pioneer Project and Rosedale Rio Bravo.

Consider Resolutions to Delay Fixing GASC & GPSC to May

Manager Gianquinto stated that pursuant to the Semitropic Improvement District's Rules and Regulations, Rule 6 (C-D), at the Regular Board Meeting in April or such other time as may be announced at said meeting, the Board shall consider, determine, and by resolution, fix the amount of the General Administrative and General Project Service Charges for the current fiscal year. The District is not prepared to set such charges until the Regular Board Meeting in May.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized and adopted Resolutions No. BW 17-01 and PP 17-01:

DEFERRING FIXING THE AMOUNT OF THE GENERAL ADMINISTRATION AND
GENERAL PROJECT SERVICE CHARGES FOR SAID IMPROVEMENT DISTRICT
(FOR 2017, COLLECTED 2017-2018)

Consider Consent to Recharge Agreements with San Diego and Others

The Manager stated that in the Banking Partner Agreements the Bankers own their capacity rights within the Semitropic Program and they have the ability to transfer their rights to other parties as long as the District consents. This year, something unique happened where the Bankers looked at the components of the contract, namely the recharge rights and sought the approval for the District to consent to them acquiring recharge rights from a Banker who was not using their water so they could use it on a first priority basis. Generally, the contracts are structured so that any recharge or recovery capacity not being used, then remaining Bankers have rights to that unused capacity in proportion to their shares in the program.

Recently, there was a situation where Homer went to Harris Farms to acquire its right as well as the City of Tracy and the San Diego County Water Authority. The question was whether or not to allow Banking Partners to give their rights to others. Discussion followed with a conclusion that a policy needs to be written to address the concerns.

On motion by Director Portwood, seconded by Director Toretta, the Board agreed to let this transfer take place this year only, but establishing no precedent for how similar requests will be addressed in the future. Staff will prepare a policy clarification of the rules for future transactions with consent from all Banking Partners.

Consider Resolution in Support of ACWA's Policy Statement on Bay-Delta Flow Requirements

The Manager presented a request from the Association of California Water Agencies (ACWA) to join them in support of its policy statement on Bay-Delta flow requirements. The State Water Board has the responsibility for updating the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of all beneficial uses of water in a way that is consistent with the coequal goals of improving water supply reliability and protecting, restoring and enhancing the Delta ecosystem with respect to the commitments made in the California Water Action Plan. The State Water Board staff's current proposal, which focuses singularly on an "unimpaired flow" approach, is irreconcilable with a policy of coequal goals of

improving both water supply reliability and ecosystem health and inconsistent with the broader water policy objectives Governor Brown called for.

ACWA Board of Directors has unanimously adopted a strong policy statement calling for a better approach that can more effectively achieve ecological objectives while maintaining water supply reliability. ACWA is requesting that all member agencies authorize a Board resolution in support of its policy statement.

On motion by Director Tracy, seconded by Director Thomson, the Board authorized support to ACWA's policy statement on Bay-Delta flow requirements in the form of Resolution No. ST 17-07:

IN SUPPORT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES'
POLICY STATEMENT ON BAY-DELTA FLOW REQUIREMENTS

Consider Participation in the Development of Groundwater Model as Proposed by Kern River GSA

Manager Gianquinto reported that the Kern River Groundwater Sustainability Agency has been working with Todd Consultants to prepare a basin model for the entire Kern Basin. The District has been asked to participate their individually or through the KGA to have input in development of the model. The Manager stated that it would be wise the join the group and show unity for the project.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized Staff to participate in the development of the Kern Basin groundwater model as proposed by the Kern River Groundwater Sustainability Agency.

Update on and Consider Refinement to Calculation of Proposed Basin Sustainability Charge and Credits

The Manager reported on the landowner meetings regarding the proposed basin sustainability charge and credits. There has been good attendance and discussions by landowners. More meetings are scheduled and more updates will be forthcoming. No action was taken.

Consider Proposal for 2017 Remote Sensing Program (Land I.Q.)

District Engineer, Isela Medina, reported that Land I.Q. submitted a proposal for the 2017 Remote Sensing Program through Land I.Q. The cost proposal for this program is a not to exceed amount of \$170,000 and work will be done on a time and material basis. The data received under this program will provide the information needed to determine the baseline consumptive use and the basin sustainability charge for the credit. This program is also going to be partially funded by DWR grant funds. Staff is requesting a one year extension for Land I.Q. to continue the work in 2017 in order to complete the program.

On motion by Director Portwood, seconded by Director Fabbri, the Board authorized a one year extension to Land I.Q. to continue the work on the 2017 Remote Sensing Program with a budget not-to-exceed amount of \$170,000.

Consider Amended and Restated Joint Powers Agreement for Kern Groundwater Authority

The Manager stated that the District has been working for some time to prepare an Amended and Restated Joint Powers Agreement under the Kern Groundwater Authority. On our behalf, Attorney Kevin O'Brien, special counsel, has been working with the attorney's team.

This provides for Semitropic to be party to the Kern Groundwater Authority, recognizing we have the right to become our own Groundwater Sustainability Agency (GSA). We will be collaborating with the KGA to prepare a collective groundwater sustainability plan for the basin.

Legal counsel, Ernest Conant, reported that the two principal amendments allows for an agency to withdraw after June 30, 2017 to become its own GSA; and to put language in that existing mitigation and measures that are part of water banking programs so that SGMA does not affect banking programs already in place.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized the General Manager to execute the Amended and Restated Joint Powers Agreement with the Kern Groundwater Authority.

SEMITROPIC WATER STORAGE DISTRICT
PUBLIC HEARING APRIL 12, 2017
REGARDING IMPLEMENTATION OF THE SUSTAINABLE
GROUNDWATER MANAGEMENT ACT & GROUNDWATER SUSTAINABILITY
AGENCY FORMATION FOR A PORTION OF THE KERN COUNTY SUBBASIN

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, stated that based on prior discussions, Semitropic Water Storage District has opted to form its own Groundwater Sustainability Agency (GSA). The District will remain part of the Kern Groundwater Authority and a party to its Groundwater Sustainability Plan.

Legal counsel reported that appropriate procedures were followed and the hearing was noticed; however, no written comments were received. The meeting was open to public comments or questions from attendees. Hearing none, the hearing was completed and the Board considered a Resolution to form its own GSA.

On motion by Director Fabbri, seconded by Director Toretta, the Board authorized the formation of the Semitropic Groundwater Sustainability Agency in the form of Resolution No. ST 17-08:

A RESOLUTION OF THE BOARD OF DIRECTORS
OF SEMITROPIC WATER STORAGE DISTRICT (“DISTRICT”) DECLARING ITS
INTENTION TO BECOME A GROUNDWATER SUSTAINABILITY AGENCY PURSUANT
TO THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT FOR THE PORTIONS OF
THE KERN COUNTY SUBBASIN WITHIN THE BOUNDARIES OF THE DISTRICT

The public hearing was closed at 1:40 p.m.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle’s Representative, Rick Amigh, reported that the Junction Pumping Plant Turbine Generator is being monitored while operating under full flow conditions and minor electrical issues are being corrected.

The tank was erected at the Meter Calibration Facility and coating will be performed during April, after which piping and equipment installation will commence.

The east half of pipeline has been installed on the Lateral X-A Extension. The west half will be installed after the landowner has completed watering operations. Work on the Lateral X-B Extension is set to commence in April in coordination with the Lateral X-A Extension.

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 March 2017, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to: consultation with MWD with regard to 2017 operations; consultation with Ken Schmidt’s office on the Groundwater Monitoring Report; evaluation of potential grant funding opportunities; reconciliation on customer’s power and energy use data for 2015; CEQA support; and construction management activities related to the Meter Testing Facility.

Larry Rodriguez reported on the Tulare Lake Storage and Floodwater Protection Project which included refinement of the Project Description for the EIR and completion of additional analyses needed to support the EIR. The engineering team has also 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 the Agua Via project has “stalled out” because the other buyers need more assurance regarding the classification of water produced from new wells west of the Kern River Flood Channel.

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

California Water Service has still not come to the point of executing the agreement that has been agreed to; however, Semitropic does not have capacity to take in anymore water this year for storage.

Mr. Boschman represented the District at various meetings, including:

Delta Reliability Committee – the 2017 Budget was approved for approximately \$1M;
Kern Water Bank – conveyance of water into storage on behalf of participants is completely maxed out;

State Water Contractors’ Board meeting – Resolutions upon Retirement of Terry Erlewine and Mark Cowan; a presentation on the spillway failure at the Oroville Dam facility; the SWC Budget was approved for 2017-2018 for approximately \$7.72M; and deep subsidence on project facilities is being reviewed.

At the Semitropic-Rosamond Water Bank Authority Board meeting, it was reported that even though water is plentiful, there will be no water recharged on the facility, apparently because AVEK predicts there will be no capacity available all year in the West Feeder.

Balance Public Relations

Dean Florez of Balance Public Relations reported on various legislative bills that he is working on with staff and legal counsel. Sacramento “Lobby Days” is scheduled for April 25 and 26 when the General Manager and several Board Members are scheduled to meet with various legislators.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto’s written report on “District Activity During March” dated April 7, 2017 was accepted for filing. In addition, the following items were presented:

Kern Groundwater Authority

At the March 22nd Kern Groundwater Authority (KGA) meeting, three responses to the Request For Qualifications (RFQ) for the KGA General Manager Role were received. A coordination committee will review the responses and provide a recommendation for the KGA Board to consider. There were also three responses to the RFQ for a consultant to review the CV2SIM model being prepared by Todd Groundwater which the coordination committee will also review and provide a recommendation.

Water Supply

At this time, the State allocation is still at 60% and the Federal allocation is at 100%. To date, 40,000 AF have been imported into the District, Kern Water Bank and Pioneer. The District has the opportunity to buy Kern River water from Buena Vista, and the City of Bakersfield. The District has taken in approximately 14,000 AF of water for Banking Partners this month.

The Spring 2017 groundwater measurements have been completed and it appears that groundwater levels have come up about 20 feet on average in the District.

Closed Session

At 2:30 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 3:55 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed; however, no reportable action was taken.

Adjournment

The meeting was adjourned at 3:55 p.m. by President Wegis until Wednesday, April 26, 2017 at 12:30 p.m. to continue the business of the District.

APPROVED:

Todd Tracy, Secretary

Fredrick A. Wegis, President