

MINUTES OF THE REGULAR MEETING OF THE
FINANCE & ADMINISTRATION COMMITTEE OF WESTLANDS WATER DISTRICT

March 21, 2017

A regular meeting of the Finance and Administration Committee of Westlands Water District was held at the District's Five Points Office, 23050 W. Mt. Whitney Avenue, Five Points, California 93624 at 8:30 a.m.

Directors present:

Larry Enos
Jim Anderson
Sarah Woolf
Don Peracchi, ex officio

Staff present:

Tom Birmingham, General Manager
Dan Pope, Chief Operating Officer
Bobbie Ormonde, Director of Finance and Administration
Steve Farmer, Supervisor of Customer Accounting
Jose Gutierrez, Deputy Manager – Resources
Russ Freeman, Supervisor of Resources
Johnny Amaral, Deputy General Manager – External Affairs
Gayle Holman, Public Relations Representative
Philip Williams, General Counsel

Others present:

Jeffrey A. Mitchell, Kronick Moskovitz Tiedemann and Girard, Special Counsel to the Board of Directors

MINUTES

There being no additions or corrections, the minutes of the Committee's Regular Meeting held on February 28, 2017 stood approved as submitted.

ACCOUNTS PAYABLE REPORTS

Ms. Ormonde informed the Committee of the additional accounts payable reports distributed to the Committee. The Committee discussed various payments. Upon a motion duly made and seconded, the Committee approved for recommendation to the Board the Accounts Payable, with the vote as follows:

Director Enos:	Aye
Director Anderson:	Aye
Director Woolf:	Aye

BOARD OF DIRECTORS' MARCH 21, 2017 AGENDA ITEMS

No action was required or taken on the posted agenda matters.

REQUESTS FOR WAIVER OF RULES AND REGULATIONS, TERMS AND CONDITIONS, OR OTHER DISTRICT FINANCIAL PROVISIONS

a. Kings River Produce, Inc. The District received a letter from Mr. Steven Beck requesting a waiver of the District's rules for the advance payment requirement for the 2017-2018 water year. Mr. Beck indicated in his request that he would be transferring his water allocation to another Westlands water user account until he needed the water. Mr. Beck was present at the meeting and addressed the Committee. Mr. Beck indicated that he would pay the advance payment requirement as he transfers water back into his water user account. Discussion ensued on Article 2. of the District's Rules and Regulations and potential financial impacts to the District. Mr. Birmingham recommended that the Committee approve the request for waiver of the fee upon evidence of a signed transfer to another water user.

Upon a motion duly made and seconded, the Committee acted to approve the request for waiver of Article 2.5.D upon proof of a signed transfer agreement with another water user, with the vote as follows:

Director Enos:	Aye
Director Anderson:	Aye
Director Woolf:	Aye

BUDGET TRANSFERS, AUGMENTATIONS AND OTHER MATTERS

There were no items presented.

DISTRICT WATER SUPPLY

Ms. Ormonde informed the Committee that there was no written agenda item. This matter was placed on the agenda to allow the Committee to discuss the District's water supply and the initial allocation, if known.

The District anticipated between 5,000 and 6,000 acre-feet of Kings River Water Association (KRWA) water would be available to the District in March 2017 and the pricing was expected to be \$122 per acre-foot at a 50% CVP allocation and \$118 at a 75% CVP allocation. The KRWA water carried a 10% conveyance loss. The pricing of the water remained over \$100 per acre-foot. The Board approved acquisition of the water on February 28, 2017 and the District started taking the water on March 3, 2017. Mr. Russ Freeman indicated that the District could potentially receive up to 25,000 acre-feet. This water would be allocated as District water supply per the direction provided by the Board on February 28, 2017.

Director Woolf inquired as to an available water supply that would be priced to encourage water users to turn off their wells. Ms. Ormonde then turned the discussion to the 215 Water which would be delivered out of the Delta. At a 75% CVP water allocation, the 215

Water rate would be approximately \$168, which included the SLDMWA O&M water rate of \$73.74 per acre-foot. Mr. Freeman indicated that 215 Water could be taken until demands south of the Delta exceeded pumping capacity at the Jones Pumping Plant, which was expected to be through the end of April. The water service contract would cover up to 10,000 acre-feet. The District could obtain multiple water service contracts totaling up to 60,000 acre-feet. The 215 Water would be allocated on a subscription basis.

In order to take 215 Water, the District would need to show a bona fide increase in the District's demand per Reclamation's requirements. If increased demand could not be shown, the District would lose a like quantity of rescheduled water. Staff had reached out to Reclamation to inquire as to a reduced rate for the 215 Water. Mr. Michael Jackson of Reclamation indicated there was no intent to reduce the price of the 215 water. The Bureau's rate was \$66.16 per acre-foot. The 2017-2018 215 Water became available when the San Luis Reservoir filled on or about March 9, 2017. Mr. Birmingham indicated that one of the benefits of 215 water was this water could be delivered to excess lands.

Director Woolf indicated that the price point of this water was too high to entice water users to shut off the wells. Director Woolf indicated that the District could be missing a group of water users by keeping the price too high.

Mr. Jose Gutierrez informed the Committee that Senator Feinstein had sent a letter to the Commissioner requesting that the Commissioner reduce the conveyance and power costs and charge the CVPIA, and TPUD costs. If the Commissioner opted to reduce the charges, the Bureau's charges for the 215 Water rate could drop from \$66 to \$15 per acre-foot.

Delivery of 215 Water puts the District's rescheduled water at risk and Mr. Gutierrez wanted to manage this risk.

On February 28, 2017, staff was directed to allocate System Gain for 2016-2017 in the 2017-2018 water year. Based on Reclamation's announcement with respect to the loss of water, Ms. Ormonde inquired as to if the Committee would like to delay the allocation of the 2016-2017 System Gain water until sustained drawdown. Based on the District's rescheduled water guidelines, the losses would be calculated based on the March 1 balances in water user accounts. The System Gain water carries a lower cost than the District's unallocated 2016-2017 Supplemental Water.

Mr. Gutierrez informed the Committee that most of the 2017-2018 Supplemental Water would be Exchange Contractor water. The 2017-2018 Supplemental Water pool was estimated to be between 35,000 to 50,000 acre-feet, which includes the 2016-2017 unallocated Supplemental Water.

The Committee approved delaying the allocation of 2016-2017 System Gain water until the outcome of forgone pumping at San Luis Reservoir was known.

Ms. Ormonde addressed the Committee on the billing rates for March water deliveries pending Reclamation's initial allocation announcement. Lower rates would encourage use of surface water supply and turn off wells. Ms. Ormonde would like to not inconvenience the water users. Mr. Dan Pope did not believe that the SLDMWA rates would be available in April 2017.

Mr. Birmingham indicated that the Committee could recommend to the Board that the Board delegate that authority to staff to bill at the appropriate allocation level. The Committee could recommend to the Board approval of billing March deliveries at lower rates.

Mr. Jeffrey Mitchell did not feel action would be appropriate based on what was placed on the agenda. Mr. Mitchell informed the Committee that some agendas include a note that an agency may take action on any item placed on the agenda. Staff would look into proper wording on future agendas.

Mr. Birmingham informed the Committee that the General Manager has the delegated authority to take actions under the District's policies. One of the policies discourages groundwater use when surface water was available. Mr. Birmingham anticipated providing direction to staff to adjust water rates and bringing the matter back to the Board for ratification at a later meeting.

Ms. Ormonde informed the Committee that the District rescheduled 213,850 acre-feet of 2016-2017 water.

INVESTMENT AND FINANCIAL REPORTS

Mr. Enos deferred until the Board meeting the report on the investments and financial reports.

PENDING ACTION ITEMS

The 2013-2014 Supplemental Water Refunds in the amount of \$3.9 million were under review. A SLDMWA refund in the amount of \$5.5 million for WY14 PUE was pending. District staff would be discussing land sale proceeds with the Committee in April 2017. Mr. Pope informed the Committee that the District received a letter from the consultation arm of CAL/OSHA. The District would set up a consultation meeting.

PUBLIC COMMENT

Mr. Will Coit commented on closed session discussion items as listed on the agenda. There were no further public comments.

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CLOSED SESSION

The Committee met in closed session pursuant to Government Code section 54956.9 subsection (d) paragraph (1) to discuss pending litigation and paragraphs (2) ,(3) or (4) to discuss potential litigation.

Upon returning from closed session, Mr. Birmingham reported that the Committee met with Counsel regarding potential litigation and took no action.

There being no further business, the meeting was adjourned.