

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF  
WESTLANDS WATER DISTRICT

July 16, 2019

A regular meeting of the Board of Directors of Westlands Water District was called to order by President Peracchi at approximately 1:00 p.m. at the District's Fresno Office, 3130 N. Fresno Street, Fresno, California, 93703.

Directors present:

Don Peracchi, President  
Frank Coelho  
Larry Enos  
Dan Errotabere  
Ryan Ferguson  
Todd Neves  
Stan Nunn  
William Bourdeau

Staff present:

Thomas Birmingham, General Manager  
Jon Rubin, General Counsel  
Bobbie Ormonde, Deputy General Manager – Finance & Administration  
Russ Freeman, Deputy General Manager – Resources  
Tom Boardman, Water Resources Engineer  
Shelley Ostrowski, Associate General Manager – Water Policy (by video conference)  
Bill Pierce, Director of Operations & Maintenance  
Steve Farmer, Supervisor of Customer Accounting  
Kiti Campbell, Supervisor of Resources  
Kathryn Boren, Special Advisor to the General Manager  
Diana Giraldo, Public Affairs Representative  
Karen Clark, Executive Assistant

Others present:

Scott Slater, Brownstein, Hyatt, Farber & Schreck (by video conference)

CALL TO ORDER

President Peracchi called to order the regular meeting of the Board of Directors of Westlands Water District at approximately 1:00 p.m. at the District's Fresno Office, 3130 N. Fresno Street, Fresno, California, 93703.

BOARD TO CONSIDER CORRECTIONS OR ADDITIONS TO THE AGENDA OF ITEMS,  
AS AUTHORIZED BY GOVERNMENT CODE SECTION 54950 ET SEQ.

There were no corrections or additions to the agenda of items.

APPROVAL OF MINUTES

Mr. Birmingham stated there was a correction needed under Board to Consider Authorizing Sale and/or Transfer of Unsubscribed Supplemental and/or District Contract Water. He continued to state the motion for the Board's consideration needed to have the following words "Excess Supplemental Water" inserted after 29,956 acre-feet, which would read as follows:

Mr. Birmingham then offered a motion for the Board's consideration, which was to authorize District staff to approve water users transfers of up to 29,956 acre-feet of Excess Supplemental Water out of the District.

There being no additional corrections, the minutes of the Regular Board Meeting of June 24, 2019 stood approved as circulated.

GENERAL MANAGER'S REPORT

Consider Request for Funding for the Mendota Boys and Girls Club

Mr. Birmingham reported on July 2, 2019, the District received a request from the Boys and Girls Clubs of Fresno County for a \$36,000 contribution to the Mendota Boys and Girls Club. District staff was informed that the Mendota Boys and Girls Club serves more than 300 children in the City of Mendota. All these children are from families living below the poverty level, approximately 95% of these children live in public housing, and 85% of these children have parents that are employed by District farmers.

The Mendota Boys and Girls Club is at risk of closing due to a lack of funding. The funding requested for the Mendota Boys and Girls Club will pay for operation of the Club through the end of this calendar year, during which the Club will seek other sources of funding for future operations.

Mr. Birmingham made reference to the letter received from the Boys and Girls Clubs of Fresno County that describes in greater detail the request for funding and its basis. Because of the nature of the services provided to disadvantaged children by the Mendota Boys and Girls Club and the relationship between the children's families and District farmers, staff recommends that the contribution be approved.

Upon motion duly made and seconded, the Board unanimously approved authorizing a \$36,000 contribution to the Mendota Boys and Girls Club. After the vote, Mr. Birmingham announced that the Board approved the contribution, with the vote as follows:

President Peracchi: Aye  
Director Anderson: Absent  
Director Bourdeau: Aye  
Director Coelho: Aye  
Director Enos: Aye  
Director Errotabere: Aye  
Director Ferguson: Aye  
Director Neves: Aye  
Director Nunn: Aye

#### Water Supply

Mr. Freeman reported total water delivered in June was 155,791 acre-feet (AF). For the month of July, staff was projecting the District would use 160,000 AF of surface water. Currently, the District had used 76,000 AF and it was projected the District would use approximately 12,700 AF of groundwater for the month.

#### 2019-2020 Groundwater Pumping Summary

Mr. Freeman reported total District groundwater pumping to date was approximately 42,000 AF with approximately 9,500 AF of that amount coming from the Groundwater Management Program. Through the end of the year, it was estimated the District would

use approximately 72,000 AF total between the Groundwater Management Program and Non-Groundwater Management Program wells.

### Water Use

Mr. Freeman reported District staff projected the District would use approximately 884,000 AF of surface water, based on a 75% allocation. It also assumes 125,000 AF Rescheduled and 30,000 AF of unscheduled water.

### Supplemental Water

Mr. Freeman reported applications for the Supplemental Water program were just under 23,800 AF on 53,000 acres. Allocations to date were 22,465 AF. This resulted in excess Supplemental Water of approximately 29,956 AF that would be allocated as Other Water this month.

### Project Operations

Mr. Boardman reported Jones pumping was slightly less than capacity during June due to a few days of scheduled maintenance work at the O'Neill Pumping Plant. Following a brief reduction early this month to clear debris at the Tracy fish facility, Jones resumed pumping at capacity and was expected to maintain full pumping into September.

Mr. Boardman reported Banks was pumping at 6,680 cfs with a possible increase later in the week under its State Board permit that allows the SWP to increase its maximum export by 500 cfs during July through September as mitigation for Biological Opinions related export cuts. The 500 cfs increase requires the installation of the south delta barriers which has been delayed until late July due to high San Joaquin flows. The SWP was coordinating with the South Delta Water Agency so that exports might be increased prior to full installation of the barriers.

Mr. Boardman reported Millerton flood flows into the Mendota Pool had declined to about 800 cfs and were expected to end during the next week. Since flows into the Pool began

in mid May, flood releases from Millerton and Pine Flat have met about 140 TAF of Pool demand resulting in an equal amount of conserved storage in CVP San Luis Reservoir.

Mr. Boardman reported Shasta storage was about 4.28 MAF or about 50 TAF higher than Reclamation's most recent operations forecast. At the current drawdown rate, Shasta storage may be more than 3.1 MAF at the end of September.

Mr. Boardman reported Folsom storage was at 894 TAF with a daily drawdown rate of 4 TAF. Releases from Folsom were at 4,000 cfs as inflow had dropped to 3,300 cfs; down from 11,000 cfs a month ago.

Mr. Boardman reported Reclamation's latest operation forecast continued to show a CVP export reduction of 75% during October as part of its plan to meet the fall X2 requirement described in the delta smelt Biological Opinion. However, discussions between the Projects and the state and federal fish agencies were ongoing to relax the current Fall X2 requirement. Under the modified Fall X2 requirement, the CVP export cut during October could be limited to 25%.

Mr. Boardman reported CVP demands were about 307 TAF during June; about 15% less than the 15-year average.

### 2019 San Luis Operations

Mr. Boardman reported current information indicated the current CVP San Luis storage of 700 TAF was 200-300 TAF higher than all of Reclamation's projections used to support the allocation adjustments made during April-June. Although the recent cool weather has reduced demands somewhat, high storage in CVP San Luis was primarily a result of under projected flood flows into Mendota Pool and over projected demands that Reclamation assumed for its operation studies. Consequently, information indicated that

CVP San Luis storage would drop to only about 500 TAF by the end of August based on average summer demands.

Mr. Boardman reported high CVP San Luis storage going into the fall months would help cushion any export impact related the Fall X2 requirement; thus, the chances of refilling San Luis next spring remain good with normal winter hydrology.

Mr. Birmingham added that District staff would meet and discuss future allocation forecasts with Reclamation in early September.

#### Bay-Delta Water Quality Control Plan-Voluntary Agreement Update

Mr. Birmingham reported Secretaries Crowfoot and Blumenfeld sent a letter to the Water Resources Control Board that outlined the progress of the Voluntary Agreement. Of significance was the relationship between the water agencies efforts to achieve voluntary agreements and activities occurring in the state legislature particularly as it relates to Senate Bill 1. Senate Bill 1 would codify in state law, the federal regulations that existed pertaining to the operations of the Central Valley Project and the State Water Project prior to the current administration. Water agency representatives continue to meet with members of the legislature regarding the impact of SB 1 and in particular the impediment that SB 1 would create to achieving Voluntary Agreements.

Mr. Birmingham also reported Governor Newsome's administration had engaged in this issue and has expressed its concern to members of the legislature and was actively engaged in seeking amendments to SB 1 that would eliminate the conflicts.

#### WIIN Act Section 4011 Repayment Contract Negotiations

Mr. Birmingham reported Contract Negotiations were ongoing with the next negotiation session scheduled for early August.

### ROC on LTO

Ms. Ostrowski reported the EIS was released and public meetings would be held at the end of the month in Los Banos, Sacramento and Chico. The Biological Opinions were expected to be released to the public on August 21 and were expected to be signed on August 30.

### Drinking Water Tax

Mr. Birmingham reported due to the joint effort of several water agencies, legislation concerning the drinking water tax issue had been avoided with considerable support from the Valley Delegation. General funds were used as a means to address water quality issues in the valley for disadvantaged communities.

### U.S. SB 1932 Drought Resiliency and Water Supply Infrastructure Act

Mr. Birmingham reported a number of water agencies sent letters of support for the introduction of SB 1932, however the District had not. Mr. Birmingham stated the District had not sent a letter of support for that legislation because it was believed that SB 1932 would be a good vehicle to extend the financial provisions of WIIN Act but would not extend the operational provisions. Additionally, the bill would create new authorization to operate Reclamation projects for the benefit of species. Mr. Birmingham stated the way the bill was written creates ambiguity as it relates to existing authorizations to operate projects such as the Central Valley Project for the benefit of fish and wildlife. Therefore, until there is resolution of questions related to Section 7, it would be inappropriate to take a supportive position in the legislation. Mr. Birmingham was working with Senator Feinstein's office to remedy these issues. Ms. Ostrowski added there would be a hearing on the bill on July 18 at 10 a.m. EST.

Mr. Birmingham reported Congressmen Cox and Costa were developing language on a companion bill to SB 1932 and staff was working with both offices on the development of that legislation.

## OUTSIDE AGENCY ACTIVITIES

### Family Farm Alliance

Director Errotabere referred the Board to the memorandum prepared by the Alliance.

### SLDMWA

Mr. Freeman reported at the last Authority board meeting, the board adopted the financial statements from 2016 and also adopted a revised O&M Water Rate reflecting a 75% water supply. The rate dropped from \$43.00 to approximately \$38.00 for delivery south of Dos Amigos Pumping Plant. The Authority board also adopted a strategic plan including an implementation plan. It was noted during that discussion the allocation of costs in the Leg Ops budget would be a challenge for the Authority.

### ACWA

No report was given.

### SFCWA

Mr. Gutierrez reported the Agency approved a budget for the Tule-Red Habitat Restoration Project for Phase II. The next meeting was scheduled for September.

## LEGAL AFFAIRS COMMITTEE

No report was given.

## OPERATIONS & MAINTENANCE COMMITTEE

No report was given.

## PERSONNEL COMMITTEE

No report was given.

## WATER POLICY COMMITTEE

### Consider Recommendation that the Board of Directors Authorize the Lease of District Owned Mineral Rights

Mr. Freeman reported this item was presented to the Board of Directors so that it may consider whether it wants to pursue an oil, gas, and mineral lease by Stephens Energy Group LLC for approximately 139.25 net mineral acres from 599.25 gross acres of District owned-land.

Mr. Freeman noted leasing of District land for development of hydrocarbons was contemplated in the Plan. The development of hydrocarbons is consistent with the Plan so long as the use does not interfere with neighboring agricultural uses, conflict with current District uses, impede solutions for drainage, or create demand for water and power in the District. It is also currently not being leased to a solar developer and the District will have discretion of any wells that are built on the property.

Mr. Freeman stated the recommendation was to enter into a lease of mineral interest that would occur up to 5 years. During that time, Stephens Energy would pursue CEQA review of possible construction of a well and development of mineral interest. Once the CEQA review is completed, it would be presented to the District Board for consideration.

The Water Policy Committee reviewed this request at its May 15, 2018 meeting and recommended that the Board authorize execution of a mineral rights lease for a well with Stephens, contingent upon completion of CEQA analysis.

Upon motion duly made and seconded, the Board unanimously authorized the General Manager or his designee to negotiate and execute a lease agreement with Stephens, consistent with the provisions outlined above. After the vote, Mr. Birmingham announced that the Board authorized the General Manager or his designee to negotiate and execute a lease agreement with Stephens, with the vote as follows:

President Peracchi: Aye  
Director Anderson: Absent  
Director Bourdeau: Aye  
Director Coelho: Aye  
Director Enos: Aye  
Director Errotabere: Aye  
Director Ferguson: Aye  
Director Neves: Aye  
Director Nunn: Aye

### SUSTAINABLE GROUNDWATER MANAGEMENT ACT

Ms. Campbell gave a presentation on the GSP estimated monitoring and implementation costs. The presentation included three potential rate structures which include land-based charge, volumetric charge or the combination of a land based charge and volumetric charge. The Board requested that Ms. Campbell develop a fourth option for the Board's review next month.

### FINANCE & ADMINISTRATION COMMITTEE

#### Consider Revised Westlands Water District 2019-2020 Water Rates and Charges

Ms. Ormonde reported the water rates in place currently were adopted on March 19, 2019. Subsequent to that, the District had rate adjustments by Reclamation and the Authority and the District. Rates were based on a 55% allocation, however they were currently based on a 75% allocation. The current Water Rate was at \$183.85 which was down from \$201.52. District staff revised the District's 2019-2020 Water Rates and Charges and the rates will be retroactive to March 1, 2019.

Director Enos stated this item was reviewed by the Finance & Administration Committee and the Committee recommended the Board approve the revised water rates.

Upon motion duly made and seconded, the Board unanimously approved the revised Westlands Water District 2019-2020 Water Rates and Charges retroactive to March 1,

2019. After the vote, Mr. Birmingham announced that the Board approved the revised Water Rates and Charges retroactive to March 1, 2019, with the vote as follows:

- President Peracchi: Aye
- Director Anderson: Absent
- Director Bourdeau: Aye
- Director Coelho: Aye
- Director Enos: Aye
- Director Errotabere: Aye
- Director Ferguson: Aye
- Director Neves: Aye
- Director Nunn: Aye

Consider Recommendation that the Board of Directors Approve Budget Transfers and Augmentations

Ms. Ormonde reported the Finance & Administration Committee reviewed the following budget transfer for the Fresno facility air conditioning unit new installation:

<u>Budget Code</u>	<u>Description</u>	<u>Incr Exp/ Decr Rev</u>	<u>Incr Rev/ Decr Exp</u>
<u>EXPENSE</u>			
11180 0921901000	Facility Maint/Replacement	\$ 28,000	
15420 0421989900	Contingency Reserve		\$ 28,000
	Subtotal	<u>\$ 28,000</u>	<u>\$ 28,000</u>
	TOTAL EXPENSE	<u>\$ -</u>	
 <u>REVENUE</u>			
	Subtotal	<u>\$ -</u>	<u>\$ -</u>
	TOTAL REVENUE		<u>\$ -</u>

Upon motion duly made and seconded, the Board unanimously approved the budget transfer in the amount of \$28,000 for the Fresno facility air conditioning unit new

installation. After the vote, Mr. Birmingham announced that the Board approved the budget transfer with the vote as follows:

President Peracchi: Aye  
Director Anderson: Absent  
Director Bourdeau: Aye  
Director Coelho: Aye  
Director Enos: Aye  
Director Errotabere: Aye  
Director Ferguson: Aye  
Director Neves: Aye  
Director Nunn: Aye

Consider Recommendation that the Board of Directors Approve Accounts Payable Reports

Director Enos reported the Committee reviewed the cash disbursements made after the June 2019 meeting, the July 2019 payables, found that they were in order and recommended payment.

Upon motion duly made and seconded, the Board unanimously approved the accounts payable reports. After the vote, Mr. Birmingham announced that the Board approved the accounts payable reports, with the vote as follows:

President Peracchi: Aye  
Director Anderson: Absent  
Director Bourdeau: Aye  
Director Coelho: Aye  
Director Enos: Aye  
Director Errotabere: Aye  
Director Ferguson: Aye  
Director Neves: Aye

Director Nunn: Aye

Receive Report on Investments and Financial Reports

Ms. Ormonde reported on the District's investments and financial reports.

CONSIDER RESOLUTION NO. 116-19, IN COMMENDATION OF PETE VERWEY

Mr. Birmingham reported that Pete Verwey retired from the District after many years of service and it was appropriate that he be recognized for his many contributions while employed by the District. He also expressed the District's sincere appreciation for his many years of loyal and dedicated service while employed at Westlands Water District and extended to him best wishes for good health and happiness in the future.

A motion was duly made and seconded to adopt Resolution No. 116-19, in commendation of Pete Verwey. After the vote, Mr. Birmingham announced that the Board adopted the resolution, with the vote as follows:

- President Peracchi: Aye
- Director Anderson: Absent
- Director Bourdeau: Aye
- Director Coelho: Aye
- Director Enos: Aye
- Director Errotabere: Aye
- Director Ferguson: Aye
- Director Neves: Aye
- Director Nunn: Aye

PUBLIC COMMENT

There were no public comments.

REPORT FROM CLOSED SESSION, IF ANY REQUIRED BY GOVERNMENT CODE  
SECTION 54957.1

Mr. Birmingham reported the Board met in Closed Session and while in Closed Session the Board provided instructions to real property negotiators and met with counsel regarding anticipated litigation and pending litigation and authorized staff to settle with Western Values' their claim for reasonable expenses.

ADJOURNMENT

The meeting was adjourned at approximately 3:00 p.m.

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Bobbie Ormonde, Secretary