

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS ADJOURNED REGULAR MEETING
MINUTES FOR August 10, 2017**

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:35 a.m. at 842 6th Street, in Los Banos, California for a regular meeting, with Acting Chair Don Peracchi presiding.

Directors and Alternate Directors in Attendance

Division 1

Jim McLeod, Director
Bobby Pierce, Director
Anthea Hansen, Director - Earl Perez, Alternate

Division 2

Don Peracchi, Director
Sarah Woolf, Director - William Bourdeau, Alternate
John Bennett, Director (Arrived after Consent Items) - Michael Linneman, Alternate
William Diedrich, Director

Division 3

Mike Stearns, Director
Chris White, Alternate (Arrived after Item 5) for James O'Banion
Randy Houk, Alternate for Cannon Michael
Rick Ortega, Director

Division 4

Gary Kremen, Director

Division 5

Bill Pucheu, Director
Thomas Birmingham, Director - Jose Gutierrez, Alternate
Steve Stadler, Director - Thomas W. Chaney, Alternate

Authority Representatives Present

Gabriel Delgado, Legal Counsel
Diane Rathmann, Legal Counsel
Jason Peltier, Executive Director
Jon Rubin, General Counsel
Ara Azhderian, Water Policy Administrator
Tom Boardman, Water Resources Engineer
Frances Mizuno, Assistant Executive Director
Tona Mederios, Director of Finance
Kathrin Odisho, Supervisor of Operational Accounting
Cheri Worthy, Executive Secretary

Others in Attendance

Don Wright, Water Wrights
Katie Vierra, Water Wrights
John Beam, GWD Consultant

Katelynn Zoellner, CV Strategies
Vince Lucchesi, Patterson Irrigation District
Mike Wade, California Farm Water Coalition
Arianna Koster, Del Puerto Water District
Garrett Haertel, San Benito County Water District
Dana Jacobson, Santa Clara Valley Water District
Steve Chedester, Exchange Contractors
Rodney Wade, Tranquillity Irrigation District
Danny Wade, Tranquillity Irrigation District

1. Call to Order/Roll Call

Acting Chair Don Peracchi called the meeting to order. Roll was called after Item 2.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Board to Consider Corrections or Additions to the Agenda of Items, as authorized by Government Code Section 54950 et seq.

There were no additions or corrections to the agenda.

4. Opportunity for Public Comment

There were no public comments made.

CONSENT ITEMS

5. Agenda Items 5-7: Board to Consider: a) Approval of July 13, 2017 Meeting Minutes, b) Acceptance of the Financial & Expenditures Reports, c) Accept the Treasurer's Report for the Quarter Ending 6/30/17

On motion of Director Bill Pucheu, seconded by Director Gary Kremen, the Board approved the Consent Items.

The vote on the motions were as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Linneman, Diedrich, Stearns, Houk, Ortega, Kremen, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

ACTION ITEMS

6. Agenda Item 8: Board of Directors to Consider the Finance & Administration Committee Recommendation to Accept the FY14 Audited Financial Statements.

Director of Finance Tona Mederios provided a brief overview of the audit process. External Auditor William “Bill” Patterson of Sampson, Sampson & Patterson, LLP, CPA presented the FY14 audited financial statements, with an unqualified opinion, which is the highest opinion awarded in a financial audit. Mederios reported that the grammatical corrections and activity description clarifications previously identified by the FAC were made to the financial statements, and that the FAC recommended that the Board of Directors Accept the FY14 Audited Financial Statements.

On motion of Director Bill Pucheu, seconded by Director Anthea Hansen, the Board approved the FY14 Audited Financial Statements.

The vote on the motions were as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Houk, Ortega, Kremen, Pucheu, Stadler
NAYS:	None
ABSTENTIONS:	Birmingham

7. Agenda Item 9: Board of Directors to Consider the Water Resources Committee & Finance and Administration Committees Recommendation to Approve a New Position – Deputy General Counsel

Executive Director Jason Peltier reported that the new position was discussed in both the Water Resources Committee & the Finance & Administration Committee which both suggested a fuller proposal be brought to the board next month, particularly on tasks a Deputy General Counsel would provide. No action was taken by the Board.

8. Agenda Item 10: Board of Directors to Consider the Water Resources Committee’s Recommendation to Accept Invitation for Representation on San Joaquin Valley Water Infrastructure Authority (SJVWIA) Board of Directors, Nominate Cannon Michael as Director and Jason Peltier as Alternate

Water Policy Administrator Ara Azhderian reported that on January 12, 2017, the Authority Board approved participation in and proportional funding (\$20,000) of the development of a Temperance Flat Prop I Water Storage Investment Program grant application

to the California Water Commission, which is due August 14, 2017. The application is being submitted to the CWC by the San Joaquin Valley Water Infrastructure Authority. At the time the Board authorized Authority participation in the application development, it also directed staff to explore potential membership in the SJVWIA. Azhderian stated that on April 18, 2017, the SJVWIA Board of Directors took action to invite the Authority to become a member and hold a seat on the Board of Directors. However, Azhderian said, accepting the invitation incurs an “initial obligation” of \$50,000, which was not anticipated at the time the Authority developed the current fiscal-year budget. Azhderian explained that in order to avoid amending the current fiscal-year budget, he had met with SJVWIA staff which was agreeable to waiting for payment of the initial obligation until the Authority’s next fiscal-year. Given this accommodation, the Water Resources Committee recommend the Board of Directors accept the invitation and propose naming Cannon Michael as Director, and Jason Peltier as Alternate for the SJVWIA Board of Directors.

A motion was made by Director Tom Birmingham and seconded by Director Bill Diedrich, unanimously accepting the invitation to become a member of the SJVWIA Board of Directors, naming Cannon Michael as Director and Jason Peltier as Alternate, and directing Authority Staff to include \$50,000 for the initial contribution under the Legislative & CVP Operational Affairs #1 Activity Agreement in the 2018-2019 FYE budgeting process.

The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Houk, Ortega, Kremen, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

9. Agenda Item II: Board of Directors to Consider the Water Resources Committee & Finance and Administration Committees Recommendation to Adopt Resolution Amending Dates for Meeting Committees

General Counsel Jon Rubin gave a brief summary explaining that the resolution before the Board would modify existing provisions regarding when committees meet to reflect current practice.

A motion was made by Director Tom Birmingham and seconded by Director Steven Stadler, the Board unanimously adopted the Resolution Amending Dates for Meeting Committees.

The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Bennett, Diedrich,
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	Stearns, White, Houk, Ortega, Kremen, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

10. Agenda Item 12: Board to Consider Resolution Authorizing Application for 2017 Proposition 1 Sustainable Groundwater Planning Grant Program Funds, Making Determination Under California Environmental Quality Act & Authorizing Related Actions.

Assistant Executive Director reported that State Prop 1 currently has a Groundwater Planning Grant program that has up to \$3 million available to the Delta Mendota Sub-Basin. Applicants are required to provide a minimum local cost share of fifty percent of the total project cost, unless the proposed project benefits a disadvantaged community (DAC) or economically distressed area. Mizuno explained that this resolution allows the Authority to submit the grant application on behalf of the Activity Agreement members, which will include requests for funds for preparation of plans and for projects identified by the participants that would assist in implementing the plans. All Activity Member Agencies have approved budgets and assumed responsibility for costs incurred by the Authority in preparing or submitting this grant application

A motion was made by Director Sarah Woolf and seconded by Director Mike Stearns, the Board unanimously adopted the Resolution Authorizing Applications for 2017 Prop 1 Sustainable Groundwater Planning Grant Program Funds.

The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Houk, Kremen, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

11. Agenda Item 13: Board to Consider Resolution Authorizing Execution of 2017 Water Transfer Agreement San Joaquin Exchange Contractors and San Luis & Delta-Mendota Water Authority for Purpose of Transfer of Water to Federal and State Refuges and Newman Land Company as Substitute Supply, Making Findings Under California Environmental Quality Act, and Authorizing Related Actions.

Assistant Executive Director Frances Mizuno reported that this resolution is to execute an agreement with the San Joaquin Exchange Contractors for a one-year transfer of up to 4,000 acre-feet of surface supplies to the Authority to supply water to the Grassland

Basin Drainers at the rate of \$60/acre foot, a cost that is substantially the same as the pumping cost, plus all transfer costs, in order to allow recharge of groundwater resources and to avoid groundwater pumping during a wet year with the Authority monitoring groundwater level and water quality, including water salinity consistent with the existing monitoring program. Mizuno also explained the Activity Agreement Members, and not the Authority as a whole, are solely responsible to pay for the mitigation water and to perform all other obligations.

A motion was made by Director John Bennett and seconded by Director Sarah Woolf, the Board Adopted the resolution authorizing execution of 2017 Water Transfer Agreement.

The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Houk, Kremen, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

REPORT ITEMS

12. Agenda item 14: California WaterFix

Executive Director Jason Peltier reported that the State has issued their Notice of Determination and certified the CEQA document. Peltier also reported that Reclamation has not released its Record of Decision, and should know by September when it will be released. Peltier informed the Board that DWR has requested that the State Board move ahead with Phase 2, and that DWR has provided funds to the Core of Engineers to expedite permit work. Peltier reminded the Board that the Authority is having its third California WaterFix Workshop on August 16, 2017 regarding Financing Strategies.

13. Agenda Item 15: Update on Temperance Flat

No report

14. Agenda Item 16: Update on Strategic Planning Process, including Draft Objectives and Draft Request for Proposals

Water Policy Administrator Ara Azhderian reported that the Authority currently envisions a 3-step planning process: 1) assess satisfaction with the Authority's current scope and scale of services to affirm or adjust future activities, 2) assess, and potentially modify, the

Authority's capacity to implement the desired scope and scale of services, and 3) identify and select specific actions to implement to achieve the desired goals and objectives of the strategic plan. Azhderian reported that staff will finalize and distribute a Request for Proposals to find consultant that can offer the most beneficial balance of quality, performance, and price.

15. Agenda Item 17: Update on Reinitiation of Consultation on Biological Opinions issued by the National Marine Fisheries Service and United States Fish & Wildlife Service for Long-Term Operations of the Central Valley Project and State Water Project

Executive Director Jason Peltier gave a brief introduction. General Counsel Jon Rubin reported that Reclamation invited the Authority to participate as a Designated Non-Federal Representative (DNFR) in the Reinitiation of Consultation on the Coordinated Long-Term Operation of the Central Valley Project and State Water Project and that the Authority had accepted the offer noting Reclamation's acknowledgment that staff members of the Authority have appropriate technical understanding of the projects operations and biological processes in the Central Valley. Rubin reported that being a DNFR allowed the Authority to help prepare portions of the Biological Assessment. Notwithstanding, Rubin explained Authority staff, along with others, are exploring what additional role may exist based on the WINN Act. Rubin concluded by saying that for purposes of coordinating and informing member agencies about the process Authority staff intends to use the Water Resources Committee.

16. Agenda Item 18: Update on San Luis Transmission Project

Assistant Executive Director Frances Mizuno updated the Board of Directors regarding the funding efforts for the San Luis Transmission Project and reviewed a Draft Memorandum of Understanding by and Among Duke-American Transmission Company, LLC and San Luis & Delta-Mendota Water Authority, which presents potential parameters for a possible partnership for the construction of the SLTP. Mizuno noted that the draft MOU will be brought to the Board at the September meeting to authorize execution.

17. Agenda Item 19: Update on C.W. "Bill" Jones Pumping Plant Unit Rewind Project

Assistant Executive Director Frances Mizuno reported that she had just received a draft repayment contract from the United States Bureau of Reclamation for the funding effort for the C.W. "Bill" Jones Pumping Plant Rewind Project. Mizuno expected to review the draft contract and to bring it back to the Board at a later time.

18. Agenda Item 20: Operations Update

Tom Boardman reported that the C.W. “Bill” Jones and Harvey O. Banks pumping plants have been pumping at capacity for the past month and that San Luis Reservoir storage is higher compared to the same date in 2011, the last wet year. The low point for CVP San Luis Reservoir storage is projected to be above 700 TAF.

Boardman also reported that Reclamation’s pumping projections during the fall months appear very conservative. Due to Fall X2 requirements under the Delta Smelt Biological Opinion, Reclamation has assumed that pumping during October and November will be between 1-2 units. Boardman concluded his report with the projection that CVP San Luis Reservoir will fill by the end of 2017.

19. Agenda Item 21: Update on Fall X2 Operations and Associated Monitoring

Executive Director Jason Peltier reported that the Delta Smelt Biological Opinion requires in a wet year that X2, an area of a certain salinity level, must be maintained at a distance of 72km from the Golden Gate Bridge, which could cost up to 600,00 acre-feet of water. Peltier reported that there is huge controversy about the scientific basis, and that there is an ongoing series of meetings to develop a plan to try to minimize cost and to create more flexibility.

20. Agenda Item 22: Committee Reports

- a. **Water Resources Committee Activities**
Committee Chair Tom Birmingham gave a brief summary of the August Meeting.
- b. **Finance & Administration Committee Activities**
Committee Chairman Bill Pucheu gave a brief summary of the August Meeting.
- c. **O&M Technical Committee Activities**
No report given.

21. Agenda Item 23: Chairman’s Report

No Report

22. Agenda Item 24: Monthly Staff Reports

a. Self-Funding Report

Finance Director Tona Mederios reported that Staff is working on reconciling deliveries and revenue. Once completed, staff will distribute the WY2016 Draft

Accountings for a 30-day review. Mederios also reported the WY2015 Draft Accounting Contractor Records were mailed out for a 30-day review. Staff has resolved all outstanding issues with Contractors, and has now posted deliveries and water payments as final. The Final Accounting will exclude Intertie O&M/PUE.

b. Operations & Maintenance Report

Assistant Executive Director reported that pumping at the C.W. “Bill” Jones Pumping Plant was reduced due to the primary louvers at the Tracy Fish Collection Facility getting stuck during cleaning operations. Reclamation is working on making the necessary repairs on the remaining louvers.

c. Water Transfer/Exchange Update

No Report given.

d. SGMA Report

No report given.

e. Drainage Activity Report

Legal Counsel Diane Rathmann gave a brief update.

f. Water Policy Administrator Report

Water Policy Administrator Ara Azhderian reported on Reclamation’s study effort to improve temperature management for Sacramento winter-run salmon. He stated Reclamation’s efforts generally fall into 4 categories: 1) assessing efficacy and potential improvement of existing and new temperature modeling tools, 2) assessing efficacy and potential improvement of existing and new salmon mortality models and objectives, 3) improving data access and decision making transparency, 4) assessing the potential impact to CVP-SWP operations, other legal users of water, and other fish species and environmental concerns. Azhderian reported that Reclamation has been hosting a number of workshops focusing on these categories, the last on the modeling results of the system-wide water supply impacts of NMFS draft proposed RPA amendment, which demonstrates potential water supply impacts of up to 1.7 million acre-feet of water per year. Azhderian said the next workshop will be held September 21 in Sacramento.

g. Executive Director’s Report

No report given.

23. Agenda Item 25-27: Closed Session Report

Acting Chair Don Peracchi adjourned the open session to address the items listed on the Closed Session Agenda at approximately 11:40 a.m. Upon return to open session at approximately 12:10 p.m., General Counsel Jon Rubin reported that the Board met in closed session to receive advice from counsel on items listed on the Closed Session Agenda. Rubin indicated that there were no reportable actions taken in closed session.

24. Agenda Item 22: Reports Pursuant to Government Code Section 54954.2

There were no reports given

25. Agenda Item 23: Adjournment

The meeting was adjourned at approximately 12:10 p.m.