

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS ADJOURNED REGULAR MEETING
MINUTES FOR JULY 11, 2019

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 8:00 a.m. at 842 6th Street, in Los Banos, California for a regular meeting, with Chair Cannon Michael presiding.

Directors and Alternate Directors in Attendance

Division 1

Jim McLeod, Director - David Weisenberger
Bobby Pierce, Director
Anthea Hansen, Director
Rick Gilmore, Director - Vince Lucchesi, Alternate

Division 2

Ryan Ferguson, Alternate for Don Peracchi
John Bennett, Director
Bill Diedrich, Director
Stan Nunn, Alternate for William Bourdeau

Division 3

Chris White, Alternate for James O'Banion
Cannon Michael, Director
Ric Ortega, Director - Ellen Wehr, Alternate

Division 4

John Varela, Director - Garth Hall, Alternate
Gary Kremen, Director - Richard Santos, Alternate
Jeff Cattaneo, Director
Joseph Tonascia, Director - Sara Singleton, Alternate

Division 5

Tom Birmingham, Director
Steve Stadler, Director - Tom Chaney, Alternate

Authority Representatives Present

Federico Barajas, Executive Director
Frances Mizuno, Assistant Executive Director
Rebecca Akroyd, General Counsel
Scott Petersen, Water Policy Director
Joyce Machado, Director of Finance
Marta Rivas, Accounting Tech II
Melody Hernandez, Accounting Tech I

Others in Attendance

Tom Boardman, Westlands Water District
Martin Rauch, Rauch Communications
Russ Freeman, Westlands Water District
Jarrett Martin, Central California Irrigation District

Richard Welsh, Bureau of Reclamation
Kent Norman, Banta Carbona I.D.
Don Wright, WaterWrights
Don Willard, Friant Water Authority
Steve Chedester, Exchange Contractors
Eric Ruckdaschel, San Luis Canal Company
Nina Hawk, Valley Water
Ryan McCarter, Valley Water
Chris Hakes, Valley Water
Bill Patterson, Sampson, Sampson, & Patterson, LLP (via teleconference)

1. Pledge of Allegiance

The Pledge of Allegiance was recited.

2. Call to Order/Roll Call

Roll was called.

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

No corrections or additions to the Agenda.

4. Opportunity for Public Comment

No public comment.

CONSENT ITEMS

5. Agenda Items 6-7: Board to Consider: a) Approval of May 30, 2019, Meeting Minutes, b) Acceptance of the Financial & Expenditures Reports, c) Staff Reports

On a motion of Director John Bennett, seconded by Director Steve Stadler, the Board approved the May 30, 2019 Meeting Minutes, Financial Expenditures Reports, and Staff Reports. The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Gilmore, Ferguson, Bennett, Diedrich, Nunn, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Birmingham, Stadler
NAYS: None
ABSTENTIONS: None

ACTION ITEMS

6. Agenda Item 5: Board of Directors to Consider Approval of June 6, 2019 Meeting Minutes.

Director Tom Birmingham requested that the minutes for the June 6 meeting should reflect his comments during that meeting that item 10 (Submittal of Letter of Interest for WIFIA Funding for the JPP Unit Rewind Project) was within the Executive Director's authority, and did not require board action. On a motion of Director Tom Birmingham to approve the corrected the minutes, seconded by Director Ric Ortega, the Board approved the June 6, 2019 Meeting Minutes with this addition along with minor edits. The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Gilmore, Ferguson, Bennett, Diedrich, Nunn, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

7. Agenda Item 8: Board of Directors to Consider the Finance & Administration Committee Recommendation Regarding the FY16 Audited Financial Statements.

Bill Patterson of Sampson, Sampson & Patterson, LLP gave a brief overview of the FY16 audited financial statements. Patterson stated that there was a change in the method of accounting for this fiscal year from a modified accrual basis to a full accrual basis. This change was a decision made by management to streamline the process and to condense and make the financial statements easier to understand.

On a motion of Director Rick Gilmore, seconded by Director Joe Tonascia, the Board approved the FY16 Audited Financial Statements. The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Gilmore, Ferguson, Bennett, Diedrich, Nunn, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

8. Agenda Item 9: Board of Directors to Consider the Finance & Administration Committee Recommendation Regarding the WY19 Recalculated O&M Rates.

Assistant Executive Director Frances Mizuno reminded the Board that they had previously adopted WY19 rates based on a 50% Ag Service allocation with the intent of revising the rates when

the final allocation was announced with the new rates applied retroactively to March 1. Mizuno stated that once Reclamation announced the increase to a 70% allocation, staff re-surveyed districts for their estimated deliveries through the federal facilities. Mizuno added that shortly after, Reclamation announced an increase in allocation to 75%. Rather than conduct another survey, Mizuno stated that she contacted the larger districts and most indicated the estimated deliveries would not change. Mizuno then asked the Board to refer to the attachment in their packet for a comparison of the estimated acre feet deliveries and cost. Mizuno noted that all costs remained the same from prior calculations except for the cost included in the EO&M reserves, which now includes an additional \$200,000. Mizuno explained that the additional \$200,000 represents a portion of the replenishment to the emergency reserves fund, as a result of funding from the emergency reserves for the Unit 6 Rewind as required per the Repayment Contract with Reclamation. In addition, Mizuno explained that the Transfer Agreement requires funds that are withdrawn from the emergency reserve fund to be replaced in the reserve fund within five years of withdrawal. Mizuno then asked the Board to refer to page 2 of their attachment for the proposed WY19 rates by delivery area and page 3 for additional detail for each rate component's total cost and acre feet delivery.

On a motion of Director Rick Gilmore, seconded by Director Tom Birmingham, the Board approved the WY19 Recalculated O&M Rates. The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Gilmore, Ferguson, Bennett, Nunn, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

9. Agenda Item 10: Board of Directors to Consider Adopting the 2019 Strategic Plan, including Implementation Plan.

Executive Director Federico Barajas gave a brief overview of the Strategic Plan, and discussed the process of preparing and finalizing the implementation plan. Barajas identified comments received, and complimented staff and Martin Rauch on the work they did to prepare the Strategic Plan, including the implementation plan.

Martin Rauch discussed changes that were made to the implementation plan based on comments received from Board members. Rauch also informed the Board that Safety has been added to the Core Value Statement.

Director Tom Birmingham thanked the staff for their work on the Strategic Plan, but noted

one major issue that is unresolved by the plan: how the Authority will collect revenue to pay for its implementation. Birmingham highlighted the statement in the Plan that “More work on cost allocation is planned under objective 7.1 and its attendant implementation actions.” Birmingham stated his hope that this additional work will be done expeditiously. He further stated that to do well the activities described in the Implementation Plan will add significantly to the Leg Ops budget, and that under the revised activity budget process approved by the Board last year, Westlands Water District pays 50 cents of every dollar expended under the Leg Ops budget. Birmingham stated that paying this share is unacceptable to Westlands, in part, because it is already undertaking many of these activities on its own, and he wants to be clear that his vote to adopt the strategic plan and the votes of Westlands’ representatives on the Board to adopt the Strategic Plan are not acquiescence to the existing allocation of Leg Ops activity costs.

At the end of the discussion several Board members complemented staff and Martin Rauch for their hard work, time and dedication. Martin Rauch also complemented staff and the Board of Directors for their work and dedication in completing the 2019 Strategic Plan.

On a motion of Director Tom Birmingham seconded by John Varela, the Board adopted the 2019 Strategic Plan, including the Implementation Plan. The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Gilmore, Ferguson, Bennett, Nunn, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

10. Agenda Item 11: Board of Directors to Consider Rejecting Claims Arising from Traffic Collision on May 30, 2019 with Water Authority Vehicle.

Assistant Executive Director Frances Mizuno informed the Board that an Authority employee was involved in a traffic collision May 30, 2019, and there was no immediate medical treatment rendered at the time of the accident. Mizuno reported that a claim was submitted to the Authority on June 24, 2019, and the Authority immediately submitted it to the ACWA/JPIA, who in turn recommended rejecting the claim.

On a motion of Director Tom Birmingham, seconded by Director Gary Kremen, the Board rejected any and all claims arising from a traffic collision on May 30, 2019 with a Water Authority Vehicle. The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Gilmore, Ferguson, Bennett, Nunn, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Birmingham, Stadler
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NAYS: None

ABSTENTIONS: None

REPORT ITEM

11. **Agenda Item 12: Executive Director's Report**

Executive Director Federico Barajas reported that there is a new Board member orientation scheduled for July 29, 2019. Barajas also reported that a posting for the chief Operating Officer position (the equivalent to Frances Mizuno's position) will be released Friday, July 12, 2019.

Barajas then discussed logistics of the tour at the end of the meeting, explaining that there will be two shuttles going to B.F. Sisk, Pacheco Reservoir, and ending with lunch at Casa de Fruta.

12. **Agenda Item 13: Report on Water Infrastructure Finance and Innovation Act (WIFIA) Letter of Interest**

Assistant Executive Director Mizuno gave a brief overview of the process of preparing the WIFIA Letter of Interest that was submitted July 3, 2019. Mizuno explained that the next steps depend on whether the Letter of Interest is successful, and if the Authority is invited to submit an application (in early January). Barajas then thanked Mizuno and the staff for their work on Letter of Interest submittal.

13. **Agenda Item 14: Report on State and Federal Affairs.**

Water Policy Director Scott Petersen reported that on the federal side, Authority staff provided a tour of Jones Pumping Plant on June 28, 2019, for USDA Secretary Perdue and Congressman Doug LaMalfa, and it went very well. Petersen reported that the Secretary seemed very interested in exploring opportunities that the USDA has to increase California water supply reliability.

Petersen reported that Governor Newsom reappointed a number of officials including Karla Nemeth, Department of Water Resources, Cindy Messer, Department of Water Resources, Chuck Bonham, Department of Fish and Wildlife, Valerie Termini, Department of Fish and Wildlife, and Jennifer Lester Moffitt, Department of Food and Agriculture. Petersen also reported that SBI passed the 2nd Assembly Committee and is now headed to the Assembly Appropriations Committee. Petersen and Director Tom Birmingham thanked Valley Water for taking action to oppose SBI unless it is amended.

14. **Agenda Item 15: Update on Water Policy/Resources Activities.**

Water Policy Director Scott Petersen provided a brief update on the Reinitiation of Consultation on Long-Term Operations (ROC on LTO). Petersen reported that Reclamation provided a final Biological Assessment to the U.S. Fish and Wildlife Service and the National Oceanic and Atmospheric Administration Marine Fisheries Service on January 31. The fisheries agencies will conduct their review of the Biological Assessment and prepare Biological Opinions, which must be completed within 135 days to comply with the Presidential memo. Petersen reported that the peer review of the first administrative draft of the Biological Opinions has been completed, identifying issues that require coordination between the two Biological Opinions. Petersen reported that there will be a delay in the issuance of the Biological Opinions to resolve issues raised during the peer and agency reviews.

Petersen gave a brief update on the Bay Delta Water Quality Control Plan, reporting that there are multiple working groups associated with the implementation of potential Voluntary Settlement Agreements, including a Governance, Science and Adaptive Management work group, a Legal work group, and Assets to Outcomes work group, and a Policy work group. The work of each of these groups is guided by a Plenary meeting of all groups participating in the VAs. Petersen reported that on March 1, 2019, the California Department of Water Resources and the Department of Fish and Wildlife submitted documents to the State Water Resources Control Board (SWRCB) that reflect progress since December to expand the previously submitted framework to improve conditions for fish through targeted river flows and a suite of habitat-enhancing projects, and since then work has taken place to develop the package into a form that is able to be analyzed by SWRCB staff for legal and technical adequacy. Petersen reported that the state agencies will need to complete an environmental review of the Voluntary Agreements and the updated Water Quality Control Plan pursuant to CEQA. Petersen explained that on the current timeline, a draft CEQA document is estimated to be released for public comment in the summer of 2020, with a finalized document complete by the following year, and implementation of the updated Bay-Delta Plan could begin immediately thereafter.

15. Agenda Item 16: Update Water Operations and Forecasts.

Tom Boardman with Westlands Water District briefly reported that pumping at Jones and Banks Pumping Plants are at permitted capacity, Shasta and Folsom storage is well above average and that Shasta carry over storage is expected to be about 3.1 MAF.

Boardman concluded his report with a brief description of a chart comparing Reclamation's projected CVP San Luis storage to actual storage. The chart demonstrated that Reclamation's projection was overly conservative which unnecessarily limited allocations this

year.

16. Agenda Item 17: Presentation Regarding Pacheco Reservoir Expansion Project.

Chris Hakes from Valley Water presented a PowerPoint presentation on the Pacheco Reservoir Expansion Project.

17. Agenda Item 18: Presentation Regarding San Luis Reservoir Expansion Project.

Richard Welsh from the Bureau of Reclamation gave a presentation on the B.F. Sisk Dam Raise Project.

18. Public Comment:

Director Bill Diedrich reported that August 7, 2019 there will be an Ag Committee meeting and a Groundwater committee meeting in Sacramento.

19. Agenda Items 19-21: Closed Session Report.

No Closed Session.

20. Agenda Item 22: San Luis/Pacheco Reservoirs Tour

The meeting continued with the group departing on tour buses to San Luis Reservoir, where DWR staff gave a short tour and Reclamation staff spoke about the B.F. Sisk safety of dam work and possible San Luis Reservoir expansion, and then to Pacheco Reservoir, where Valley Water staff discussed the project. Following the visit to Pacheco Reservoir, the group ate lunch at Casa De Fruta before returning to the Water Authority's Los Banos Office.

21. Agenda Item 23: Reports Pursuant to Government Code Section 54954.2

No reports given.

22. Agenda Item 24: Adjournment.

The meeting was adjourned at approximately 2:10 p.m.