

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MINUTES – BOARD OF DIRECTORS REGULAR MEETING
JUNE 12, 2008**

The Board of Directors of the San Luis & Delta-Mendota Water Authority met at 9:30 a.m. at 842 6th Street in Los Banos with Vice-Chairman Jean Sagouspe presiding.

Directors and Alternate Directors in Attendance

Division 1

Bill Harrison, Director – Earl Perez, Alternate

David Weisenberger, Alternate

Division 2

Daniel Errotabere, Director - Jason Peltier, Alternate

Dennis Falaschi, Alternate

Chris Hurd, Director - Martin McIntyre, Alternate

Jean Sagouspe, Director

Division 3

Jeff Bryant, Alternate

James Nickel, Director - Randy Houk, Alternate

Chris White, Alternate

Division 4

Sig Sanchez, Director – Lynn Hurley, Alternate

Larry Wilson, Director

Division 5

Tom Birmingham, Director

John Mallyon, Director

Bill Pucheu, Director

Authority Representatives Present

Ara Azhderian, Water Policy Administrator

Tom Boardman, Water Resources Engineer
Phil McMurray, Legal Counsel
Tona Mederios, Director of Finance
Frances Mizuno, Assistant Executive Director
Dan Nelson, Executive Director
Diane Rathmann, Legal Counsel
Guy Wamocha, Supervisor of Accounting

Others in Attendance

John Beam, California Department of Fish & Game
Mark Blum, Tranquillity Irrigation District
Kathryn Charlton, California Farm Water Coalition
Bill Diedrick, San Luis Water District
Janet Gutierrez, San Luis Water District
Anthea Hansen, Del Puerto Water District
Brian Hauss, The Water Agency, Inc.
Greg Meamber, Santa Clara Valley Water District
Barbara Mirrione, San Benito County Water District
Robert Stoddard, Boyle Engineering, Inc.
Danny M. Wade, Tranquillity Irrigation District
Mike Wade, California Farm Water Coalition
Mike Wood, San Luis Water District
Greg Zlotnick, Santa Clara Valley Water District

Additions or Corrections to the Agenda

None

Opportunity for Public Comment

Vice Chairman Jean Sagouspe announced that John Keys was killed in an airplane accident last week. Jason Peltier went to the funeral service in Boise, Idaho.

Approved 07/10/08

He reported on the service.

Board to Consider Approval of May 15, 2008 Meeting Minutes

Director Birmingham moved to approve the minutes as presented. The motion was seconded by Director Errotabere and passed unanimously.

Board to Review and Consider Acceptance of Financial & Expenditures Report

Supervisor of Accounting Guy Wamocha reported on various financial matters including receivables, cash activity, budget-to-actual, and estimated expenses comparison.

Wamocha presented the Financial & Expenditures Report for March 1, 2008 through April 30, 2008; he noted that the Authority was trending about 6% below budget for Fiscal Year 2008. The DMC budget for the past 3 months was slightly below budget as well (approximately 1%).

Director Birmingham moved to accept the Financial & Expenditures Report as presented. The motion was seconded by Director Pucheu and passed unanimously.

Board to Consider Recommendation by the Finance & Administration Committee to Accept the Treasurer's Report for the Quarter Ending 3/31/08

Director of Finance Tona Mederios reported on the Treasurer's Report. Director Bill Pucheu conveyed this report had been presented to the Finance and Administration Committee and they recommended approval. Director Birmingham moved to accept the Treasurer's Report for the Quarter ending 3/31/08. The motion was seconded by Director Pucheu and passed unanimously.

Board to Consider Recommendation by the Finance & Administration Committee to Adopt the Re-calculated WY08 O & M Water Rates

Director Bill Pucheu indicated the Finance & Administration Committee had reviewed the recalculated WY 2008 O&M Water Rates and due to the change in water

allocation from the Bureau it is necessary to alter the water rates. Director of Finance Tona Mederios indicated this change would be retroactive to March 1, 2008.

Director Pucheu moved to adopt the re-calculated WY08 O & M Water Rates. The motion was seconded by Director Birmingham and passed unanimously.

Committee Reports

A. Executive Director Dan Nelson reported the Water Resources Committee (WRC) met the past Monday. Nelson indicated efforts were made to address the JPA; the San Luis Reservoir Low-Point Issue and water rationing issues were also discussed. The next WRC meeting will be scheduled for June 27, 2008.

B. Director Bill Pucheu reported the Finance & Administration Committee (FAC) met to discuss Action Items 5 & 6. There was nothing further to report. The next FAC meeting will be scheduled for June 27, 2008.

C. Director Chris White reported there was nothing to report. He indicated the O&M Technical Committee would be meeting on June 23, 2008.

Self-Funding Report

Director of Finance Tona Mederios reported that as Guy Wamocha indicated, the Authority is under budget for Routine O&M through May 31, 2008 by \$59,663.

WY 2006 – This is currently under external audit. Mederios reported staff is completing a preliminary accounting with actual O&M and San Luis Joint Use Costs. Staff expects final PUE costs from the USBR in June 2008. Mederios is expecting a substantial refund back to the contractors.

USBR Reclassified San Luis Joint Use Construction Costs to O&M is still an unresolved issue.

Mederios reported on the Contra Costa Water District (CCWD) Settlement Agreement. This account has been closed; the contingent liability is \$1,119,738.99 as of

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3/31/08.

The Intertie Contributed Funds ending balance was \$21,558,426.13 as of 5/31/08.

There was a CVP Cost Allocation Workshop on May 27, 2008. There was also a CVPWA FAC meeting with Reclamation on May 16, 2008. Another CVPWA FAC meeting will be held June 20, 2008.

Administration Report

Assistant Executive Director Frances Mizuno reported a new canal operator has been hired for the Tracy operations department.

Operations & Maintenance Report

Assistant Executive Director Frances Mizuno reported routine maintenance at the Jones Pumping Plant had been done last month.

Mizuno reported that due to minimum pumping at Tracy, 1 unit has been cycling on and off every 12 hours. These pumps were not designed to do this, Jason Peltier also commented on this and several ideas as to what can be done in the future to deal with this.

Operations Update

Water Resources Engineer Tom Boardman reported the Authority is at minimum pumping, this is mostly driven by the releases from the upstream reservoirs. Releases from the upstream reservoirs are being driven by the need to meet temperature objectives for fish and delivery obligations to water rights contractors.

Water Policy Administrator Report

Water Policy Administrator Ara Azhderian reported on the Bay Delta Conservation Plan (BDCP) and the Longfin smelt.

Azhderian also addressed the rock barrier or two-gate project and the different

options for this project. The strategy is being developed for getting through the environmental process. The Army Corp of Engineers must be on board for this project to go forward quickly. Specific locations and channel geometry are still being determined, once this is done, more financial information will be available. The goal for having this project complete and operational is 2009.

Both Azhderian and Executive Director Nelson responded to questions and comments from the Board.

Intertie Update

No update

San Luis Reservoir Low-Point Improvement Project

No update

Executive Director's Report

Dan Nelson recapped the events that led to demand rationing for the June, July, and August period. He reported that as recent as a month ago the agricultural water supply allocation was still looking like 45%. As of the middle of May, things were starting to look different. The dry March, April, and May coupled with a delta smelt court ordered operations took its toll. The last straw was the recognition that we would not be able to rely on state water and San Luis Reservoir as a safety net should we run out on the Federal side. These changes led to a meeting on Memorial Day where it was determined that rationing would be inevitable. Once it was determined that rationing would be necessary, it was decided that a policy needed to be made to get this into place as soon as possible.

There are still some unresolved issues such as how transfers will be addressed. The Bureau is working on a policy for this. The two principles to keep in mind are whether 1) the transfer will involve any new water brought into the area (i.e. Yuba water, anything above what was anticipated to ration amounts) or 2) if shuffling water from one

district to another it must be a zero sum game.

Nelson and Board members discussed various possibilities for transfers and options and recommendations for getting through the rationing period. It was suggested that Frances Mizuno set up a conference call between all district managers and the Authority.

A list of items to relieve some of the impacts of rationing was included in the packet. Nelson also indicated that there might be a declaration of emergency from the Governor pinpointing the west side of the San Joaquin Valley.

Drainage Activities

- A. Director Dennis Falaschi reported that operationally they are doing fine. However publicity-wise there is a new fire to put out and they are addressing it.
- B. Legal Counsel Diane Rathmann indicated there was no report.

Contract Renewals

Legal Counsel Diane Rathmann reported that both Panoche and San Luis Water Districts are working with Reclamation to get out a Biological Assessment for their interim renewal.

Legal Issues Update

No Open Session Report.

Closed Session

Chairman Mike Stearns announced at 11:36 a.m. that the Board would adjourn to closed session to meet with counsel on the matters listed in Agenda Item 19.

Report from Closed Session

The Board returned to open session at 12:06 p.m. Counsel Diane Rathmann reported that the Board met in closed session to consider initiation of litigation on one case and to receive advice from counsel on existing litigation items listed on the agenda.

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The Board took no action in closed session.

Adjournment

The meeting was adjourned at 12:10 p.m. The next meeting is scheduled for July 10, 2008 at 9:30 a.m.