



**REGULAR MEETING OF THE BOARD OF DIRECTORS
OCTOBER 20, 2021
MINUTES**

1. CALL TO ORDER

President Gene Bays called the meeting to order at 8:32 a.m. Board Members present were Zach Maring, Jim Jasper, Jarod Lara, Kyle Perez and Pete Lucich.

2. OPPORTUNITY FOR PUBLIC COMMENT

Anthea asked if any member of the public wanted to make a comment. Being none, the meeting continued.

3. ADDITIONS/REVISIONS TO THE AGENDA

Anthea indicated she would be removing Action Item 6.A. and adding an Action Item titled Approval of Additional Water Purchase from Patterson Irrigation District. Information about this transaction was received after the Agenda was posted. The item was added to the Agenda as requested.

4. CONSENT CALENDAR

The Minutes from the Board Meeting of 9/15/21, Special Board Meeting of 10/5/21, Monthly Accounting Reports as of 9/30/21, and Field Operations Report for September 2021 were provided in advance for the Board's review. The Board approved the Consent Calendar as follows:

Ayes: Bays, Perez, Maring, Lara, Lucich and Jasper
Nays: None
Abstentions: None
Absent: Koster

5. CLOSED SESSION

Conference with Real Property Negotiator and Legal Counsel – Existing Litigation
There was nothing to report on this item.

Conference with Special Legal Counsel – Existing Litigation
There was nothing to report on this item.

Potential Litigation - Government Code Section 54956.9 – 1 Potential Case
This item was not discussed.

6. ACTION ITEMS

Approval of Additional Water Purchase from Patterson Irrigation District

Anthea provided information received the day prior regarding an Additional Water Purchase from Patterson Irrigation District. She indicated that PID had recently had their curtailment lifted and thus could make 650 AF to 750 AF of water available to purchase. Amending the previous contract for the additional quantity of water was the recommended action. She indicated that at a price of \$360/AF with some losses, the delivered price would be about \$400/AF. Given current circumstances, Staff recommended purchase of this supply. Upon review and discussion, the Board approved the Additional Water Purchase from Patterson Irrigation District as follows:

Ayes: Bays, Perez, Maring, Lara, Lucich and Jasper
Nays: None
Abstentions: None
Absent: Koster

7. MANAGER'S REPORT

Anthea provided correspondence from the Bureau of Reclamation (USBR) giving notice of Shortage of Provisions Under Contract and Reclamation's Municipal & Industrial (M&I) Water Shortage Policy. She reported that there has been a bit of activity surrounding the Biological Opinion court cases that arose in 2020 when the USBR adopted the 2019 Biological Opinions and DWR decided to operate the State Water Project under an Incidental Take Permit (ITP) rather than under the under Federal Biological Opinions. She shared that last month, the Bureau of Reclamation had issued a letter requesting re-consultation on the Biological Opinion, meaning they had formally requested that NMFS and the Department of Fish and Wildlife review the criteria from the 2019 Biological Opinions to replace the 2008 Biological Opinion. She reported that the Bureau had joined the State in submitting an Operations Plan under the court case currently pending. In a court document recently posted, it was proposed to the court that through next September, project operations would be governed by the conditions that existed in the 2008 Biological Opinion rather than 2019. The judge indicated that the only way he could rule on this is if one of the parties files a temporary restraining order, which will likely be filed. She indicated that the judge would then have to rule in favor of the more restrictive criteria for the next 10 months, or allow the other court proceedings to proceed with operations continuing under the 2019 Biological Opinions. The next court ruling will take place in November.

8. WATER OPERATIONS & SUPPLY

A. CVP/SWP Operations

Anthea provided and reviewed the SLDMWA October Operations Update and reported that things were not looking good for the 2022-23 Water Year as the Bureau has been hinting at another 0% allocation. She shared that Shasta had ended the water year at 1, 072 MAF with 1977 being the only year with lower storage during the past 60 years. There was currently no money in the State for storage projects. She also reported that Staff and the SLDMWA were working on the negative CVP storage situation in the San Luis Reservoir. She indicated that Staff was monitoring this very closely as the District was placing water into storage for 2022. All borrowed supplies are due to be replaced by the end of December 2021. Under the COA accounting, the State owes the Federal side and discussions have been taking place to try and have both COA debt and CVP borrowing balance in a timely manner.

B. Monthly Supply/Use/Completed Transactions Summary Report as of 9/30/21

Paul provided the Supply/Use/Completed Transactions Summary and reported in-District use for the month of September at 2,984 AF. Total current use for the year was 34,618 AF. Total estimated for rescheduling into 2022-23 was 19,415 AF. Anthea also provided a chart showing the Stockton East transfer of 7,500 AF less a 10% loss, of which the District's share was 4,176 AF. President Bays asked if there were any questions. Being none, the meeting continued.

C. 2021-22 Additional Supplies Update

Anthea provided and reviewed an updated Additional Supplies Scenarios report that showed the September quantity of Stockton East water that was intended for some of the neighboring districts who subsequently decided to decline their fair share had been accepted by the District. The additional PID water will be added to the report once received. She added that if the Mapes Ranch transfer is completed in full, the District will have about 26,000 AF at an average price of \$510/AF, with a possibility that once all supplies are sold, there might be a small surplus that can then be used in the coming year or give customers rebates. This decision is usually made by the Board in the spring. She indicated that sign-ups will be sent in the coming weeks for a 2022-23 Pre-Purchase Program. There will be no pre-payment requirement and pro-rated requests will be billed each month as the District acquires the supply.

D. Landholding / Licensing Updates

There were no landholding or licensing updates. Anthea reported that Staff was working on setting up a meeting with the City of Patterson and developers on some of the projects going on within the city limits and affecting the DMC and were coordinating with the SLDMWA to attend those meetings.

9. RESOURCE MANAGEMENT ACTIVITIES

A. Westside Integrated Regional Water Management (IRWM) Activities

Anthea provided and reviewed a SLDMWA Staff Report on Activity Agreements and reported that an IRWM meeting would be taking place soon and that most of the recent activity had been focused on monitoring the Prop

1 Round 1 Implementation Grant. She indicated the meeting would be about the next round of updates that might be due to the IRWM plan itself and any upcoming budgetary needs for the next year.

B. SJVDA/Westside San Joaquin River Watershed Coalition Report(s)

Adam provided a copy of a segment of the WSJRW Groundwater Quality Five-Year Assessment Report and reported that he included it because it is important in the determination of the District's parcel's categorized as high vulnerability for depositing nitrates in the aquifer. This is one of the reasons some of the land is in the "High Vulnerability" category and shows that no additional acreage was added to this category. Also included was a list of tasks being performed by Summers Engineering that included review of the 2021 Membership List, organizing material for the annual Grower Meeting which will be done online only, and discussion on exceedances for June and July. He also shared that one of the mandates from the State Board when the Irrigated Lands Program was established was that all of the constituents listed by the State Board would no longer be detected in the drainage water ways within 10 years. Those 10 years have passed and the Coalition will now have to develop a new plan on how to stop exceedances for those constituents still being detected.

C. Sustainable Groundwater Management Activities

Adam reported that Woodard & Curran was in the process of finalizing the fall monitoring and reporting and GSA's are submitting their data for groundwater levels and groundwater quality. Well permitting discussions continue with the County in determining whether new well permits requests comply with SGMA. Grant funding opportunities are available that the GSP group will be pursuing. He reported that the Well Census and Inventory Project is continuing discussions with the GIS group. The Delta-Mendota Subbasin Subsidence Characterization Study being performed utilizing grant funding is also continuing. Also included were sample comments from the State Water Board on other area GSPs for the Board to review; Adam indicated that these comments would be similar to what the District might be seeing for the Northern & Central DM GSP. Anthea then asked if any member of the public had any comments to any of the items discussed thus far in the meeting. Being none, the meeting continued.

10. FINANCIAL MATTERS

A. CVP Financial Matters

Anthea shared that she and Minnie continued to participate in the meetings and reported that although the region had been working with Denver and the Commissioner trying to get a basis of negotiation for putting repayment contracts in place for extraordinary maintenance items since the passage of PL-111-11, last week a Draft Directives and Standards that had a 12-day comment turnaround timeline was received on the same subject. She shared that a letter will be sent by the CVPWA in response, indicating that more time was needed to review the document than 12 days. She also reminded the Board that the District had completed their Contract Conversion and paid the estimated construction payoff. It will be 4-5 years before the CVP is officially deemed complete, and at that point, there may be some residual construction cost allocated to the District. She also shared that the CVP Restoration Fund still needs to be reconciled. Anthea also provided a letter from the Bureau pertaining to the charges for the CVP Restoration fund CVPIA funds starting October 1, 2021 at the rate of \$11.23/AF of CVP water delivered between October 1st and next September and shared a concern that when there is no allocation, very little is being paid into the fund. She indicated that the Restoration Program operates as if their budget is fixed and spends money whether it can be collected or not, which was concerning. The CVPWA FAC has been communicating with the Bay-Delta office on the Restoration Fund activities for 2022 and making sure that any areas where there can be budgetary considerations will be implemented. Although contractors believe that their unreconciled balance in the Restoration Fund is a credit to them, it could change in a year where there are not enough deliveries to meet the requirements of the budget and if the fund goes negative, the way the rules are written, contractors may end up owing and have a deficit. She also reported that the USBR O&M final accounting for fiscal year 2020 resulted in a \$12,000 difference between what was paid through the estimated rates and the actual O&M owed by the District. This amount will be covered by money in the District's Rate Stabilization Fund. Given the current water supply situation, Anthea believes that most contractors will end up in a deficit situation for fiscal year 2021 as well. Anthea asked members of the public if there were any questions. Being none, the meeting continued.

11. SUPPLY DEVELOPMENT PROGRAMS

A. Orestimba Creek Recharge & Recovery Project – Update

Adam provided and reviewed the OCCRP Status Update and shared that 50% designs had been submitted. There was concern about pond dimension encroaching on neighboring property, but those designs were not included in the 50% design document. Water rights and grant funding discussions continued, as well as how

those funds will be used. He added that other funding opportunities continue to be pursued as well. Adam also reported that test holes along Eastin road heading north, away from the project holes drilled, narrowed the area for the well extractions.

B. Del Puerto Canyon Reservoir Project – Update

Anthea provided a page excerpted from the recent continuing resolution, which is Congress's authorization of continued spending. Included in the continuing resolution was spending for the four projects that were on the Department of the Interior's recommendation list for the next round of WIIN act funding. The Del Puerto Canyon Reservoir maintained its position on the list and the proposed funding from this legislation will be \$15 million as a 75/25 cost share. Anthea also reported that a request was finally processed last week for the District's \$1.6 million share of the previous \$3 million award, which Minnie confirmed had appeared in the bank account that morning. This \$1.6 million will be used to offset District expenditures, with the remaining \$1.4 million portion being used to fund Reclamation's work on the Environmental Impact Report that they are working on under NEPA. She also gave an overview of the current tasks at hand and provided Progress Reports for September and October prepared by Woodard & Curran. She shared that she and Chris White would be meeting to discuss possibly trying to work on Legislation to get surplus California funds directed to DPCR.

C. Los Vaqueros Reservoir Expansion Project - Update

Anthea provided the Monthly Funding Report for the LVREP. Anthea reported that CCWD has their hearing with the California Water Commission to finalize funding commitments for the expansion. Standing up the JPA that will govern the expansion of Los Vaqueros is in progress and she shared that she has accepted a seat as a representative for the 4 agencies within the SLDMWA, including the District, on that JPA Board for a one-year term. Also included was a copy of a letter (that she signed as well) to DWR expressing support for the LVREP. As the JPA gets its leadership in place, service agreements will be drawn up and at that time the District Board will have to decide whether or not to keep participating in this project for either storage/conveyance or conveyance only.

D. BF Sisk Dam Raise Project – Update

Anthea reported that a meeting in the coming week will pertain to investor owned storage options. She shared that this would give the District an opportunity to access storage and added that work with the Bureau was ongoing with respect to possible operational scenarios as well as to get assurances that if contractors funded the expansion, they would have control on how it was operated.

E. Pacheco Reservoir Expansion – Update

There are no updates for this item, but Anthea mentioned that Velley Water would be having a meeting the next week to provide updates.

F. Ceres-DPWD-Turlock Discussions on Advancing Recycled Water into NVRRWP Facilities

Anthea reported that bi-weekly meetings were ongoing with the cities of Ceres to forward advancing some of the Ceres wastewater into the Turlock facilities. Discussions are ongoing to determine the cost of the project with the hope of having the near-term quantity of an additional 1,000 AFY in place by the next water year.

12. ADMINISTRATIVE ACTIVITIES

A. 2021 Landowner/Customer Meeting

Anthea reminded the Board that next month (November) the District will host a Landowner/Customer Meeting in conjunction with the regularly scheduled Board Meeting.

13. SLDMWA Report

A. SLDMWA Minutes, Reports and Issues Updates

Anthea provided the SLDMWA Minutes and O&M Report, and a Science Program Update for the Board to review.

1. San Luis Transmission Project

Anthea provided a memo on the current status of the San Luis Transmission Project and shared that the Water Authority Board authorized the Water Authority Staff to move forward with Bond Financing for that project. She added that Friant Water Authority shared a letter of concern about the ultimate cost allocation for this project due to their obligation to fund the O&M Costs for conveying the Exchange Contractor deliveries.

14. ARTICLES/CORRESPONDENCE/PUBLIC OUTREACH

Anthea provided articles titled Initiatives for California Water Projects, Reversal of the Delta Destruction by the prior Administration, and California's Drought Crisis. She reported that she was recently a guest speaker and gave a presentation on a Drought Forum and added that she also attended the San Joaquin Valley Water Forum hosted by ACWA Region 6 & 7 held at Harris Ranch (pertaining to SGMA).

15. ITEMS TO DISCUSS PURSUANT TO GOVERNMENT CODE 54954.2

There was nothing to report on this item.

16. ADJOURNMENT

Being no further business, the meeting was adjourned at 10:48 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Anthea G. Hansen". The signature is written in a cursive, flowing style.

Anthea G. Hansen
Secretary