

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS ADJOURNED REGULAR MEETING
MINUTES FOR JULY 13, 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 Chair Cannon Michael presiding.

Directors and Alternate Directors in Attendance

Division 1

Jim McLeod, Director - David Weisenberger
Anthea Hansen, Director - Earl Perez, Alternate
Rick Gilmore, Director

Division 2

Don Peracchi, Director - Dan Pope, Alternate
Sarah Woolf, Director
Michael Linneman, Alternate for John Bennett
William Diedrich, Director - Lon Martin, Alternate

Division 3

Mike Stearns, Director
Chris White, Alternate for James O'Banion
Cannon Michael, Director
Rick Ortega, Director

Division 4

John Varela, Director - Garth Hall, Alternate
Gary Kremen, Director - Richard Santos, Alternate
Jeff Cattaneo, Alternate for John Tobias
Joe Tonascia, Director

Division 5

Bill Pucheu, Director - Lance LeVake, Alternate
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
Brandon Souza, California Farm Water Coalition
John Beam, GWD Consultant
Jarrett Martin, Central California Irrigation District
Katelynn Turner, CV Strategies
Sebastian Silveira, Merced Irrigation District
Vince Lucchesi, Patterson Irrigation District
Erick Ruckdaschel, San Luis Canal Company
Chase Hurley, Henry Miller Reclamation District
Jonathan Ash, CITI Group

1. Call to Order/Roll Call

Chair Cannon Michael 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 5-6: Board to Consider: a) Approval of June 8, 2017 Meeting Minutes, b) Acceptance of the Financial & Expenditures Reports

On motion of Director Jim McLeod, seconded by Director Sarah Woolf, the Board approved the June 8, 2017 Meeting Minutes.

On motion of Director Bill Pucheu, seconded by Director Don Peracchi, the Board approved Financial & Expenditures Reports.

The vote on the motions were as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Linneman, Diedrich, Stearns, White, Michael, Ortega, Varela, Kremen,

Cattaneo, Tonascia, Pucheu, Birmingham, Stadler
NAYS: None
ABSTENTIONS: None

ACTION ITEMS

6. Agenda Item 7: Board of Directors to Consider the Finance & Administration Committee Recommendation to Accept the Draft FY14 Audited Financial Statements.

Executive Director Jason Peltier provided a brief summary of the Finance & Administration Committee meeting. Peltier reported that the FY14 Draft Financial Audit was an unqualified opinion, which the external auditor reviewed in detail with the Committee. Staff did note that there are certain grammatical errors and changes on activity description that should be made. The Committee requested the edits be made to the draft FY14 Audited Financial Statements and deferred the action to recommend the Board consider accepting the draft FY14 Audited Financial Statements to the next Finance Committee. Director Bill Pucheu reiterated the need for the audit to be complete before the Board should consider action.

7. Agenda Item 8: Board of Directors to Consider Adopting Resolution Superseding Prior and Establishing New Authorization to Order Deposit or Withdrawal of Monies in the Local Agency Investment Fund (LAIF).

General Counsel Jon Rubin briefly discussed this item, explaining why the resolution had been brought before the Board. Director Bill Pucheu reported that the FAC recommended that the Board of Directors adopt this Resolution.

A motion was made by Director Bill Pucheu and seconded by Director Bill Diedrich, to Adopt the Resolution Superseding Prior and Establishing New Authorization to Order Deposit or Withdrawal of Monies in the LAIF. The motion passed.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Linneman,
Diedrich, Stearns, White, Michael, Ortega, Varela, Kremen,
Cattaneo, Tonascia, Pucheu, Birmingham, Stadler
NAYS: None
ABSTENTIONS: None

8. Agenda Item 9: Board of Directors to Consider Adopting a Support Position on Senate Bill 372 (Cannella – SD 12), to Create the San Joaquin River Exchange Contractors Groundwater Sustainability Agency, and Prescribing its Boundaries, Organization, Operation, Management, Financing, and Other Powers and Duties, Relating to Water

Districts.

Water Policy Administrator Ara Azhderian explained that the intent of Senate Bill 372 was to allow the Exchange Contractors to form a new organization, the San Joaquin River Exchange Contractors Groundwater Sustainability Agency, to address an issue with the California Department of Water Resources' interpretation of the Sustainable Groundwater Management Act. Azhderian explained, while the SGMA does not explicitly prohibit mutual water companies from being part of a Groundwater Sustainability Agency, DWR has determined that they cannot. Azhderian explained further that two of the four Exchange Contractors' entities are mutual water companies, and Senate Bill 372 would allow for the mutual water companies that are part of the Exchange Contractors to participate in the San Joaquin River Exchange Contractors Groundwater Sustainability Agency. The bill maintains all other requirements and obligations of SGMA, Azhderian concluded.

A motion was made by Director Ric Ortega and seconded by Director Sarah Woolf, the Board unanimously adopting a support position on Senate Bill 372.

The vote on the motion was as follows:

AYES:	McLeod, Hansen, Gilmore, Peracchi, Woolf, Linneman, Diedrich, Stearns, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

9. Agenda Item 10: Board of Directors to Consider Authorizing Execution of Letter Agreement and Expenditure of Up to \$150,000 for the 2018 Delta Following Pilot Study.

Assistant Executive Director Frances Mizuno reported that a letter agreement and two scopes of work were drafted that would memorialize the obligations of the Delta Watermaster, Department of Water Resources, State Water Contractors, Delta Interests and the Water Authority for development of a study that should allow for more reliable measurements of consumptive use savings resulting from temporary crop idling on lands within the Delta. Mizuno also explained that besides the benefits for possible future water transfers from the Delta, having widely accepted consumptive use data for the Delta would allow for better refinement of the Delta operation models and lend itself to an overall better understanding of Delta conditions. Mizuno stated that staff recommends the Board authorize execution of the letter agreement, in substantially the form presented, and the expenditure of up to \$150,000 to fund a portion of the cost of the Pilot Study. Mizuno closed stating this collaborative effort will go a long way in building trust and relationships with Delta interests.

A motion was made by Director Rick Gilmore and seconded by Director Gary Kremen, the Board unanimously approved authorizing execution of a letter agreement, in substantially the form presented to the Board and expenditure of up to \$150,000 for a Delta following pilot study.

The vote on the motion was as follows:

AYES:	McLeod, Hansen, Gilmore, Peracchi, Woolf, Linneman, Diedrich, Stearns, White, Michael, Ortega, Varela, Kremen, Cattaneo, Tonascia, Pucheu, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

REPORT ITEMS

10. **Agenda Item 11: Pacheco Creek Enlargement Project Update, Santa Clara Valley Water District, Garth Hall (Santa Clara Valley Water District)**

Garth Hall, Acting Chief Operating Officer for Santa Clara Valley Water District, reported that SCVWD will submit a Prop 1 application to the California Water Commission under the State's Water Storage Improvement Program. Hall explained that the application is intended to obtain funding to support an expanded Pacheco Reservoir, which could benefit many members of the Authority. In response to a question, Hall also explained the potential benefit of the expansion project to San Luis Reservoir low point. Director Tom Birmingham recommended to Executive Director Jason Peltier that the Water Authority send a letter supporting this project to the California Water Commission. Hall indicated he would send a template letter to the Authority.

11. **Agenda Item 12: Review of Resolution 2001-191, as Amended by Resolution 2017-412, which Establish the Structure of the Water Authority Standing Committees.**

General Counsel Jon Rubin briefly reviewed Resolution 2001-191 focusing on the section regarding scheduling committee meetings. Rubin reported that staff is proposing working with the Chairs of the Water Resources and Finance & Administration Committees to amend the language of this resolution to conform with the current routine of scheduling committee meetings. The Board directed staff to draft a resolution for scheduling committee meetings to match current practice.

12. **Agenda Item 13: State Water Resources Control Board Bay-Delta Water Quality Control Plan Update.**

General Counsel Jon Rubin gave a brief report on the current schedule that the State

Water Board is following in order to update the Water Quality Control Plan.

13. Agenda Item 14: California WaterFix Update.

Executive Director Jason Peltier reported that the Governor's Office asked potential participants in the California WaterFix Project to make decisions in September 2017. Peltier also reported that the Biological Opinions have been released, but the Federal Record of Decision (ROD) has not. Peltier also noted that funding for the pre-construction phase (gap-funding) will be required by January 1, 2018 if the Project proceeds and the Authority has been asked to consider providing up to \$600 million of the gap funding. The Committee members expressed a level of concern with the request. Peltier reminded the Board that the 1st of 4 WaterFix Project Workshops will be Wednesday, July 19th at the Los Banos Community Center.

14. Agenda Item 15: Committee Reports

a. Water Resources Committee Activities

No report given.

b. Finance & Administration Committee Activities

Committee Chairman Bill Pucheu, Director of Finance Tona Mederios, and Executive Director Jason Peltier each gave a brief report, summarizing the items discussed by the Committee at its meeting.

c. O&M Technical Committee Activities

No report given.

15. Agenda Item 16: Operations Update

Water Resources Engineer Tom Boardman reported that C.W. "Bill" Jones Pumping Plant has been at capacity since early June and is expected to remain at capacity through at least September. Harvey O. Banks Pumping Plant is also at capacity which includes an additional 500 cfs of capacity permitted during July to September. The current federal share of San Luis storage is about 890 TAF; about the same level for this date during the last wet year in 2011. SWP San Luis storage is encroached into the federal share by about 40 TAF which is about 150 TAF higher than where the Project was in 2011.

Boardman stated that Shasta and Folsom storage are above average and, given the amount of draw down needed for flood control this fall, the Fall X2 requirement per the delta smelt BiOp may be met with little to no impact to CVP storage or exports. However, according to DWR operators, the Fall X2 requirement could impact the SWP by up to 800 TAF due to

operational limitations related to Oroville's spillway reconstruction. Further, it appears that FERC is amenable to allowing the drawdown of Oroville to a conservative operating storage level concurrently with meeting the SWP's share of the Fall X2.

Millerton storage is at capacity and is spilling to the San Joaquin river. Flood flows from the Kings River into the Mendota Pool have ended, so the DMC has begun delivering about 1,000 cfs to supplement flood flows from Millerton in an effort to meet Pool demands.

Boardman concluded his report with a projection that CVP San Luis storage will remain above 650 TAF this year and may refill by late 2017 or early 2018.

16. Agenda Item 17: Chairman's Report

Chair Cannon Michael reported that he visited Del Puerto Water District on May 18th and was able to see the Recycled Water Program. Michael also reported that he attended several meetings in Sacramento with Executive Director Jason Peltier as well as other staff members.

17. Agenda Item 18: Executive Director's Report

a. Self-Funding Report

Director of Finance Tona Mederios reported that the WY2015 Draft Accounting Contractor Records were mailed out March 31st for a thirty-day review. Mederios also reported that staff has resolved all outstanding issues with Contractors, has now posted deliveries and water payments as final, and staff is completing other steps to distribute the WY15 Final Accounting, excluding PUE and Intertie in August 2017.

b. Operations & Maintenance Report

Assistant Executive Director Frances Mizuno reported that: 1) the C.W. "Bill" Jones Pumping Plant operated the entire month of June at 5 units, 2) Unit 1 Rehab Project will start August 1st, which will take about 6 months to complete, 3) the draft repayment contract for funding from the Bureau for the Jones Pumping Plant Rewind Project has not been received as of yet.

c. Water Transfer/Exchange Update

No Report given.

d. SGMA Report

Assistant Executive Director Frances Mizuno reported that a coordination meeting of the Delta-Mendota Subbasin GSA was held in order to bring GSA representatives together to discuss GSP planning grant alignment, coordination agreements, and the number of GSPs in the subbasin.

e. **Drainage Activity Report**

No report given.

f. **Water Policy Administrator Report**

Water Policy Administrator Ara Azhderian reported that DWR hosted a meeting of the Prop 1 San Joaquin funding region to discuss Disadvantaged Communities Involvement Grant effort. The meeting was attended by several of the region's Regional Water Management Groups, environmental justice groups, DWR, and representatives from disadvantaged communities. Azhderian reported that the group also discussed creation of a charter to help identify and memorialize our common goals for the DAC Involvement Grant effort.

g. **Executive Director's Report**

Executive Director Jason Peltier reported that he attended an all-day CSAMP meeting July 12, 2017, and most of the meeting was devoted to discussing agreements, disagreements, and level of uncertainty of Fall X2. Peltier discussed how all of the science work going on in CSAMP have a direct benefit with forming the re-consultation process.

18. **Agenda Item 19-21: Closed Session Report**

Chair Cannon Michael adjourned the open session to address the items listed on the Closed Session Agenda at approximately 11:30 a.m. Upon return to open session at approximately 12:00 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.

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

General Counsel Jon Rubin reported action in two case: 1) the parties in TRINITY II, by stipulation, agreed to dismissal of the case, and (2) the parties in EIS CASE, by stipulation, agreed to a 90 day extension of the schedule for briefing on motions for summary judgment.

20. **Agenda Item 23: Adjournment**

The meeting was adjourned at approximately 12:00 p.m.