

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
MINUTES FOR FEBRUARY 8, 2018**

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:30 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 - Dave Weisenberger, Alternate  
Anthea Hansen, Director  
Rick Gilmore, Director

**Division 2**

Don Peracchi, Director  
Sarah Woolf, Director  
John Bennett, Director - Michael Linneman, Alternate  
William Diedrich, Director

**Division 3**

Mike Stearns, Director  
Chris White, Alternate for James O'Banion (joined after Item 5)  
Cannon Michael, Director  
Mike Gardner, Alternate for Ric Ortega

**Division 4**

John Varela, Director  
Gary Kremen, Director - Richard Santos, Alternate  
Jeff Cattaneo, Alternate for John Tobias

**Division 5**

Bill Pucheu, Director  
Tom Birmingham, Director - Jose Gutierrez, Alternate  
Steve Stadler, Director - Thomas W. Chaney, Alternate (via teleconference not counted for quorum or towards any vote)

**Authority Representatives Present**

Frances Mizuno, Assistant Executive Director  
Jon Rubin, Interim Executive Director & General Counsel  
Rebecca Akroyd, Deputy General Counsel  
Tona Mederios, Director of Finance  
Tom Boardman, Water Resources Engineer  
Darlene Neves, Accountant II  
Joyce Machado, Supervisor of Accounting  
Paul Stearns, O&M Manager  
Diane Rathmann, Legal Counsel  
Gabriel Delgado, Legal Counsel

**Others in Attendance**

Bill Patterson, Sampson, Sampson, and Patterson, CPA's  
John Beam, GWD Consultant  
Janet Gutierrez, San Luis Water District  
Russ Freeman, Westlands Water District  
Mike Wade, Farm Water Coalition  
John Wiersma, Henry Miller Reclamation District  
Duane Stroup, Bureau of Reclamation  
Nick Janes, Byron Bethany Irrigation District  
Adam Hoffman, San Joaquin River Exchange Contractors Water Authority  
Rex Buchanan, Pleasant Valley Water District  
Dana Jacobson, Santa Clara Valley Water District  
Steve Chedester, San Joaquin River Exchange Contractors Water Authority

**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.**

Item 7 and Item 15 were removed from the agenda.

**4. Opportunity for Public Comment**

No public comment.

**CONSENT ITEMS**

**5. Agenda Items 5-7: Board to Consider: a) Approval of January 11, 2018 Meeting Minutes, b) Acceptance of the Financial & Expenditures Reports, c) Treasurer's Report for the Quarter Ending 12/31/17 (removed from agenda).**

On a motion of Director Bill Pucheu, seconded by Director Don Peracchi, the Board approved the January 11, 2018 meeting minutes with a minor correction, and also approved the Financial Expenditures Reports. The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett,

Diedrich, Stearns, Michael, Gardner, Varela, Kremen,  
Cattaneo, Pucheu, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

## ACTION ITEMS

### 6. **Agenda Items 8: Board to Consider the Finance & Administration Committee Recommendation to Approve the FY15 Audited Financial Statements.**

Director of Finance Tona Mederios introduced the Authority's External Auditor Bill Patterson from Sampson, Sampson & Patterson, LLP Certified Public Accountant. Patterson reported that that the audit received an unqualified opinion. Patterson gave a brief summary of the FY15 Audited Financial Statements explaining that detailed report was given to the Finance Committee. On a motion of Director Bill Pucheu, seconded by Director Rick Gilmore, the Board approved the FY15 Audited Financial Statements.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett,  
Diedrich, Stearns, White, Michael, Gardner, Varela, Kremen,  
Cattaneo, Pucheu, Stadler

NAYS: None

ABSTENTIONS: Birmingham

### 7. **Agenda Item 9: Board of Directors to Consider the Finance & Administration Committee Recommendation for Adjustments in Executive Compensation, including Executive Director, Assistant Executive Director, and General Counsel.**

Assistant Executive Director Frances Mizuno explained that California Law requires local agencies to report certain information in open session before changing compensation of "executives". Mizuno summarized the information on executive compensation, presented in the Executive Salaries corrected worksheet, which was handed out, and the salary survey information that was included in the packet. Mizuno concluded by stating that the Finance & Administration Committee recommended the Board of Directors approve the adjustments.

On a motion of Director Bill Pucheu, seconded by Director Rick Gilmore, the Board approved Adjustments in Executive Compensation, including Executive Director, Assistant

Executive Director, and General Counsel.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Michael, Gardner, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

*Note: This item was considered after Agenda Item 14.*

**8. Agenda Item 10: Board of Directors to Consider the Finance & Administration Committee Recommendation for Compensation for the Interim Executive Director/General Counsel.**

Assistant Executive Director Frances Mizuno reported that Finance & Administration Committee recommended that Interim Executive Director/General Counsel receive 3% salary increase as of January 29, 2018 when he took the Interim Executive Director position and then a 3% salary increase applied to new salary at March 1, 2018.

On a motion of Director Bill Pucheu, seconded by Director Rick Gilmore, the Board approved Compensation for the Interim Executive Director.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Michael, Gardner, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

**9. Agenda Item 11: Board of Directors to Consider the Water Resources Committee and the Finance & Administration Committee Recommendation to Approve the Activity Budget for FY19.**

Assistant Executive Director Frances Mizuno presented Draft #2 of the Activity Budget for FY19. Mizuno reviewed the budget, focusing specifically on changes that were made in response to recommendations made at previous Committee and Board meetings. Mizuno concluded stating that both the Water Resources Committee and the Finance & Administration

Committee recommended that the Board of Directors approve the Activity Budget for FY19. Director Tom Birmingham indicated that, in his capacity as the General Manager of Westlands Water District, he will recommend that the district adopt a budget that includes revenue necessary to pay the dues anticipated in the Activity Budget for FY19.

After a lengthy discussion with staff and Board Members Director Bill Pucheu made a motion to approve the Activity Budget for FY19, seconded by Director Don Peracchi, the Board approved the Activity Budget for FY19.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Michael, Gardner, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

*Note: This item was considered after Agenda Item 14.*

**10. Agenda Item 12: Board of Directors to Consider the Finance & Administration Committee Recommendation to Approve the FY19 O&M Budget, Preliminary FY20 O&M Budget.**

Assistant Executive Director Frances Mizuno presented the FY19 O&M, EO&M budgets noting that the budgets were reviewed extensively with both the Operation and Maintenance Technical Committee and the Finance & Administration Committee. Mizuno concluded stating that both the O&M Technical Committee and Finance & Administration Committee recommended that the Board of Directors approve the FY19 O&M Budget, and the Preliminary FY20 O&M Budget.

On a motion of Director Bill Pucheu, seconded by Director Rick Gilmore, the Board approved the FY19 O&M Budget, FY20 O&M Budget.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Michael, Gardner, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

**11. Agenda Item 13: Board of Directors to Consider the Finance & Administration Committee Recommendation for Approval of Initial WY18 O&M Rates.**

Assistant Executive Director Frances Mizuno stated that the Bureau of Reclamation had yet to announce any water supply allocation. Based on discussions with the Finance and Administration Committee, direction was provided to staff to calculate the O&M rates based on a 35 percent allocation and those rates would be presented to the FAC and BOD at a special meetings via teleconference on February 21, 2018 and therefore the action was deferred.

**12. Agenda Item 14: Board of Directors to Consider the Water Resources Committee Recommendation to Withdraw from State & Federal Contractors Water Agency (SFCWA).**

Interim Executive Director and General Counsel Jon Rubin explained that, based on direction from the Committees and Board, the current budget had no line item allocating revenue to SFCWA. A preliminary information sheet regarding SFCWA's liabilities and assets was included in the packets. Rubin stressed the uncertainties with that information. Thus, if the Water Authority were authorized to withdraw from SFCWA, over the course of a 60-day notice to withdraw period, the Water Authority would work with SFCWA to reach agreement on: (1) any refund or repayment of contributions to which the Water Authority is entitled, (2) the Water Authority's sale, lease, or transfer any rights it has in any Conservation Measures or any obligations to SFCWA, and (3) any debts, liabilities and obligations that the Authority may owe. Rubin concluded stating that staff and the Water Resources Committee recommend that the Authority withdraw from SFCWA.

After a lengthy discussion Director Tom Birmingham made a motion that the Board of Directors authorize the Water Authority to withdraw from the SFCWA. The motion was seconded by Director Rick Gilmore and passed unanimously. The Board of Directors action is reported as follows:

The vote on the motion was as follows:

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

13. **Agenda Item 15: Board of Directors to Consider the Water Resources Committee Recommendation to Authorize Execution of the Agreement to Purchase Release of Water By and Among the Oakdale Irrigation District (OID), the South San Joaquin Irrigation District (SSJID), the San Luis & Delta-Mendota Water Authority (SLDMWA), and the California Department of Water Resources (DWR).**

Removed from agenda.

14. **Agenda Item 16: Board of Directors to Consider Recommendation of the Water Resources Committee to Approve Resolution Authorizing Execution of the Temperance Flat Activity Agreement.**

Interim Executive Director Jon Rubin reviewed with the Board of Directors a proposed resolution for a Temperance Flat Activity Agreement for the Authority participation in a memorandum of understanding (MOU) with other entities interested in working cooperatively on the Temperance Flat Reservoir Project. Rubin addressed how these entities will coordinate, cooperate, and cost share on preconstruction activities, . The Activity Agreement will allow interested Member Agencies to participate in the MOU. Rubin explained further that he had been working on proposed amendments to the MOU, to ensure provisions on liability and goals were clear.

On a motion of Director Tom Birmingham, seconded by Director Sarah Woolf, the Board adopted the proposed resolution.

The vote on the motion was as follows:

AYES: McLeod, Hansen, Gilmore, Peracchi, Woolf, Bennett, Diedrich, Stearns, White, Michael, Gardner, Varela, Kremen, Cattaneo, Pucheu, Birmingham, Stadler

NAYS: None

ABSTENTIONS: None

## REPORT ITEMS

15. **Agenda Item 17: Update on Strategic Planning.**

Assistant Executive Director Frances Mizuno reported that the Request for Proposal (RFP) included in the packet went out the week prior. Also included in the packet was the list of consultants that were provided with the RFP. Mizuno reported that she has already received

3 responses from consultants indicating they will be submitting proposals. Mizuno also stated that the RFPs must be received on or before 5:00 p.m., Wednesday, February 28, 2018.

**16. Agenda Item 18: Executive Director Recruitment.**

Interim Executive Director Jon Rubin started the discussion with the Board members on the recruiting process. Rubin encouraged members to inform the staff if they would like a formal recruiting process, when they would like the process to start, and how broad of a scope of recruitment they would like. The Board agreed to wait until the Strategic Plan moves forward before initiating the recruitment for the permanent Executive Director position.

**17. Agenda Item 19: Report on Environmental Partnerships.**

California Farm Water Coalition Executive Director Mike Wade gave a presentation on how the Farm Water Coalition is assisting the Water Authority with highlighting the positive environmental projects underway within the Water Authority member agencies. Wade provided an update on the Water Authority's web site and its connection to the recently-produced flyer, "San Joaquin Valley Landscapes." He discussed how the new [www.sldmwa.org/environment](http://www.sldmwa.org/environment) section of the web site provides additional details on the positive environmental projects, including links to videos, fact sheets, reports, and data. Wade concluded by reflecting the Water Authority's goal, which has been to raise public awareness of the investments in positive environmental projects while using CVP water to produce food and fiber for consumers.

**18. Agenda Item 20: Update on Water Bond Initiatives, including the Water Supply and Water Quality Act of 2018.**

Interim Executive Director Jon Rubin gave a brief summary of the Water Bond Initiatives, and then turned it over to Deputy General Counsel Rebecca Akroyd. Deputy General Counsel Rebecca Akroyd gave a brief summary informing the Board that the Water Bond of 2018 would invest \$8.877 billion dollars in California water and water infrastructure. Within these categories, there are funds that could be used to directly benefit Water Authority members, including:

- Safe Drinking Water \$500 Million
- Wastewater Treatment \$250 Million
- Groundwater Sustainability and Storage \$640 Million
- Desalination of Brackish Groundwater \$400 Million



- Water Conservation \$300 Million
- Flood Management for Improved Water Supply \$200 Million
- Flood Management – Reservoir Repair or Reoperation \$100 Million
- Capture and Use of Urban Runoff and Stormwater \$400 Million
- Integrated Regional Water Management \$5 Million
- Water for Migratory Birds \$280 Million (including \$110 million for refuges)

Akroyd concluded stating that the Bond also identifies funds for projects that may have “indirect benefits” for Water Authority members.

**19. Agenda Item 21: Update on WIIN Act Section 4011 – Conversion from Water Service to Repayment.**

Assistant Executive Director Frances Mizuno reported that Section 4011 of the WIIN Act allows districts to make a request to Reclamation to convert their water service contract to a repayment contract. Reclamation did a briefing at the Water Users Conference, and the material was included in the packet. Mizuno also informed the Board that she has asked Reclamation to attend the March Board meeting to discuss the WIIN Act provision and to answer any questions.

**20. Agenda Item 22: California WaterFix Update.**

Interim Executive Director Jon Rubin reported that DWR Director Karla Nemeth released a statement the day prior which explained how the Department of Water Resources planned on moving forward with WaterFix. The overall cost of Water Fix has not changed, at \$16.3 billion. However, the cost of the option of proceeding with the first stage was \$10.7 billion. DWR proposes to first focus on elements of WaterFix that are consistent with the support expressed by public water agencies. The option for a first stage could include two intakes with a total capacity of 6,000 cubic-feet per second (cfs), one tunnel, one intermediate Forebay, and one pumping station, with the second stage consisting of a third intake with 3,000 cfs capacity, a second tunnel, and a second pumping station, which will bring the total project capacity from 6,000 cfs in the first phase to 9,000 cfs capacity in total. In her statement, Nemeth explained, if funding for all elements of the currently proposed WaterFix is not available when construction begins, the second stage would begin once the additional, necessary funding commitments were made.

**21. Agenda Item 23: Reinitiation of Consultation on Biological Opinions Issued by**

## **National Marine Fisheries Service and United States Fish and Wildlife Service for Long-Term Operations of the Central Valley Project and State Water Project.**

Interim Executive Director and General Counsel Jon Rubin explained that Reclamation has shifted the Reinitiation of Consultation into three tracks. Track 1: will evaluate actions that can be accomplished in a short period of time, potentially including for example a modification to restrictions on South of the Delta to increase water supply. Track 2: will consider, through a programmatic environmental impact statement (EIS), potential larger-scale modifications to the continued long-term operation of the federal CVP that maximize water deliveries, and to increase operational flexibility by addressing the status of listed species. Track 3: will analyze project-level activities that include new or modified infrastructure, habitat restoration, other stressors, and/or regulatory changes, as necessary and timely. Rubin concluded by noting that, through discussions between the Water Authority and Reclamation, the Water Authority is preparing to provide consultant resources to Reclamation, consistent with the approved Activity budget.

### **22. Agenda Item 24: California Storage Projects Update.**

Assistant Executive Director Frances Mizuno reported that Reclamation was requesting comments on the Feasibility Report for the Los Vaqueros Reservoir Expansion Project Phase 2, and that the Authority will provide comments. Mizuno also reported that there was a briefing on the Pacheco Reservoir Expansion Project at the Water Users Conference, and that the Authority will be working with Santa Clara Valley Water District on putting together a technical group to model benefits the project may have for the Authority Member Agencies.

### **23. Agenda Item 25: Operations Update and Forecasts.**

Water Resources Engineer Tom Boardman reported that CVP San Luis Reservoir filled by mid-January and subsequent Jones pumping was used to meet direct demands. Reclamation is working to complete water transfers for water stored in the reservoir before the end of the contract year. Banks is pumping about 3,400 cfs while the SWP is filling the remaining 300 TAF of available space in SWP San Luis. Declining delta inflow has recently shifted the export constraint from an OMR limit per the salmon BiOp to an X2 requirement under D1641.

Persistent dry conditions have altered runoff forecasts such that a Shasta critical year has returned as a possibility.

Boardman also briefly reviewed two San Luis Reservoir storage projection charts that projected a sustained draw down in CVP share of San Luis later in February under dry conditions and not until April under average hydrology. The SWP is not expected to fill its

share without above normal hydrology.

Boardman stated that no foregone pumping had accumulated to date against the 150 TAF rescheduling cap. If a sustained draw down begins later in February and the reservoir does not refill, Districts would have an unlimited time to use the water.

**24. Agenda Item 26: Committee Reports.**

**a. Water Resources Committee Activities**

No report given.

**b. Finance & Administration Committee Activities**

No report given.

**c. O&M Technical Committee Activities**

No report given.

**25. Agenda Item 27: Reports on Activities of the Following Agencies that are Outside of the Authority.**

**a. State and Federal Contractors Water Agency**

No report given.

**b. Family Farm Alliance.**

Chair Michael reported the Family Farm Alliance Annual Conference is coming up February 22-23, 2018 in Reno. Interim Executive Director Jon Rubin reported that he was planning on attending the conference.

**c. Farm Water Coalition.**

Mike Wade reported that Chair Michael had an excellent article in the Fresno Bee regarding the San Luis Transmission Project.

**d. Association of California Water Agencies.**

Director Diedrich reported that the Strategic Planning Session for ACWA is coming up in March. Diedrich requested comments from the Board Members on policy issues that they believe ACWA should be working on in the next two years.

**e. San Joaquin Valley Water Infrastructure Authority.**

No Report given.

**26. Agenda Item 28: Monthly Staff Reports.**

**a. Self-Funding Report.**

Director of Finance Tona Mederios reported Reclamation had yet to announce any water supply allocation. Staff sent out a survey to the Contractors for their estimated deliveries for WY18. Mederios reported that the rates will be presented at the Special Finance & Administration Committee meeting via teleconference on February 21, 2018. Mederios also reported that the WY2015 Final Accountings are complete. Staff will mail out the Contractor Records by February 15, 2018.

**b. Operations & Maintenance Report.**

No report given.

**c. Water Transfer/Exchange Update.**

Assistant Executive Director Frances Mizuno reported that she is working on water transfers from North of the Delta. Mizuno reported that she has had several meetings with potential sellers, Reclamation, and DWR.

**d. San Luis Transmission Project.**

Assistant Executive Director Frances Mizuno reported that Duke American Transmission Company (DATC) signed a MOU with Reclamation and Western to allow them to enter into a project development agreement where DATC would fund the cost of the construction. The Authority will continue to work on the financial aspects of the project.

**e. Sustainable Groundwater Management Report.**

Assistant Executive Director Frances Mizuno reported that the Department of Water Resources has recommended the full funding of the requested amount on behalf of the Delta-Mendota Subbasin for a Prop 1 Sustainable Groundwater Planning Grant. Mizuno complimented Andrew Garcia for his excellent work related to SGMA and DAC.

**f. Drainage Activity Report.**

Legal Counsel Diane Rathmann reported that the Nitrogen Management Plans are due March 1, 2018.

**g. Executive Director's Report.**

Interim Executive Director Jon Rubin reported that Reclamation released several months prior the draft results on Cost Allocation and expects that Reclamation will release a complete draft report in March, providing a 90-day review and comment period.

Rubin also reported that in an effort to build relationships with South Delta and avoid a lawsuit regarding the Delta Channel capacity/sediment issue, he reached out to South Delta Water Agency General Manager John Herrick to discuss solutions. And,

as a result of that outreach, a group of people representing federal, state, and local agencies were convened and are exploring potential ways to address the issue.

**27. Agenda Item 29-31: Closed Session Report.**

Chair Cannon Michael adjourned the open session to address the items listed on the Closed Session Agenda at approximately 12:25 p.m. Upon return to open session at approximately 12:40 p.m., Interim Executive Director and General Counsel Jon Rubin reported that the Board met in closed session to receive advice from counsel and there were no reportable actions taken.

**28. Agenda Item 32: Reports Pursuant to Government Code Section 54954.2**

No reports given.

**29. Agenda Item 33: Adjournment.**

The meeting was adjourned at approximately 12:45 p.m.