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SAN JOAQUIN VALLEY WATER INFRASTRUCTURE AUTHORITY

REGULAR BOARD MEETING
DECEMBER 9, 2016 – 9:00 A.M.
FRESNO IRRIGATION DISTRICT OFFICE
2907 South Maple Avenue, Fresno

MINUTES

CALL TO ORDER

The regular monthly meeting of the San Joaquin Valley Water Infrastructure Authority (JPA) was called to order at 9:05 a.m. on December 9, 2016, by President Steve Worthley.

PRELIMINARY MATTERS

At the request of President Worthley, Executive Director Mario Santoyo called the roll of the Board members. The following Board members were present: President Worthley, Vice President Mendes, Directors O'Banion, Lopez, Silva, Preciado and alternate Pope. Staff present: Executive Director Mario Santoyo. Audience members signing the roll sheet included Christina Beckstead, Jodi Raley, Robert Jeffers, Julia Berry, Ruby Mendoza and Gary Serrato. (The Acting Recording Secretary, J. Randall McFarland, was absent due to illness but prepared these minutes from a transcription.)

The board and audience members joined in the Pledge of Allegiance.

President Worthley asked for consideration of the Minutes for the regular Board meeting held on October 14, 2016. Director Rogers moved, seconded by Director Silva, that the minutes be approved as presented. The motion carried without objection.

PUBLIC COMMENT

President Worthley stated that at this time, members of the public could speak about any item of concern not appearing on the agenda, provided it was within the jurisdiction of the JPA. He said the total amount of time allocated for this public comment period would be determined by the Chair and each individual would be limited to three minutes. It was noted that matters presented during this public comment period may not be discussed or acted upon by the board at this time. There were no public comments.

FINANCIAL

Megan Marks, Fresno County Auditor-Controller's office, presented a financial overview of where the JPA currently stands fiscally, on a cash basis. The JPA has collected about \$44,000 in contributions this year. It has expended approximately \$102,000 during the current fiscal year. The JPA has approximately \$191,000 budgeted for the remainder of the fiscal year. At this time, the JPA has just under \$70,000 in cash available, which is approximately one-quarter of the next fiscal year, based upon the expenses the JPA has projected. Ms. Marks also reviewed budget vs. actual expenses totals and stated there is currently about a \$1,500 difference between the budget total and projected total. Everything except insurance payments has been about as expected. Ms. Marks will keep the board advised. Any necessary changes will be included in the budget Ms. Marks will present. *(Copies of the financial reports are attached.)*

It was noted that anticipated charges for rental and services from the Nisei Farmers League were projected to be higher than anticipated. President Worthley and Vice President Mendes reported the Nisei Farmers League had advised the Authority that it will need the space occupied by Executive Director Santoyo's office and that he will need to relocate. Mr. Worthley and Mr. Mendes said the Nisei Farmers League has indicated it will make no charges for services to the JPA. On motion of Vice President Mendes, seconded by Director Lopez and carried unanimously, the Board directed that a letter of thanks be prepared and sent to the Nisei Farmers League and President Manuel Cunha for the League's assistance and generosity to the JPA.

As a result of the necessity to move from its current office, on motion of Vice President Mendes, seconded by Director Lopez and carried unanimously, the Board authorized necessary expenditures for a month-to-month rental agreement and purchase of necessary office equipment for the JPA.

Executive Director Santoyo reviewed the Proposition 1 application process timeline as well as administrative and engineering budgets related thereto. The California Water Commission this month is expected to adopt its procedure for considering Proposition 1 applications; those procedures will be reviewed by the Office of Administrative Law. The JPA's application will need to be prepared and completed between February and July 2017. The Commission's review process will follow and should move fairly quickly. The final leg of the process will be the actual funding. The JPA will have until January 2022 to fulfill all of its requirements. A federal funding process also lies ahead. Proposition 1 requires applicants to obtain a commitment of 75% of the project costs, of which federal funding would be an important part. These commitments must be acquired within the same time period. Mr. Santoyo requested Board members to have their respective agencies review their own funding commitments for the process, including \$25,000 to fund the JPA for another year. The Board will ultimately need to authorize funding for the fiscal year beginning July 1, 2017. Mr. Santoyo also discussed the engineering budget, which will be required to develop the highly technical data needed for the application. The engineering consultants have provided no recent specifics; their earlier projections ranged from a low of about \$350,000 to a high of approximately \$900,000. The JPA's intent is to attempt to maximize the federal government's funding toward the engineering process. Chris White, Technical Advisory Committee Chairman, reported the San Luis and Delta-Mendota Water Authority is engaging in the engineering analysis process, as is the Friant Water Authority. The SL&DMWA plans to contribute \$20,000 toward the process in January 2017. The San Joaquin River Exchange Contractors Water Authority is also planning to contribute additional funding toward the process in 2017, Mr. White reported.

The Board considered services of California Consulting LLC, a grant writing firm. Mr. Santoyo met with the firm regarding grants for which the JPA might be eligible and have a good chance of achieving. The firm is researching the matter. Mr. White stated the U.S. Bureau of Reclamation has planning grants available.

ORGANIZATIONAL

Executive Director Santoyo presented an update on outreach effort to the Friant Water Authority and other water agencies and interests that have been initiated in search of funding for the supplemental feasibility studies and analysis needed to develop additional data and information for the bond funding application. Ultimately, Friant's participation in the program is necessary. Friant is interested and has notified the Bureau of Reclamation by letter of what it needs for engagement, including an operational assessment that optimizes water needed by Friant contractors and users. Bill Swanson of MWH reported that Friant has recommended study and consideration of the beginning of analysis for an amendment to one of the Temperance Flat alternatives. Friant proposes to manage Temperance Flat as an extension of Friant Dam and Millerton Lake. This supply would be designated as Class 1 or Class 2 and no additional water would be delivered to the San Joaquin River in excess of what is required under the San Joaquin

River Restoration Settlement. This would permit determination of capacity needed for Friant operations as well as identifying opportunities for amounts of water, as well as timing, that might be available for sharing in a coordinated fashion with other entities through exchange, transfer or coordinated operations. Mr. White suggested the analysis might also identify additional benefits and supplies from Temperance Flat. Mr. Santoyo said the federal feasibility study essentially identified a 50-50 split of water supply made available by Temperance Flat for Friant and West Side Central Valley Project contractors. This would be, he stressed, a beginning point and appears to be compatible to bring Friant to the table so all interested parties could determine how to achieve the most benefits for the maximum number of partners. This would be a new activity that would have to be conducted and resolved before the bond application process can be undertaken, but still within the reduced amount of time made available for the primary process by the California Water Commission. Meetings are being held by Reclamation and the Technical Advisory Committee, along with Friant, to identify the scope of work and how it fits into the limited available time. In addition is the question of what agency(ies) or interests would have to pay for this additional work. Friant's position is that Reclamation should be because the Bureau, in Friant's opinion, should have conducted such an analysis in developing the final Temperance Flat feasibility report. Michelle Denning of the Bureau of Reclamation said Friant-only alternatives were examined earlier but there could be challenges in running applicable models and interpreting the findings in detail for a Friant-only operation. In addition, she said, Reclamation is stressed financially. She does not believe the Bureau could develop money under a contract process in time to do such an analysis. Reclamation's staff could probably do only a part of what would be needed. Congressman Costa's office is investigating to determine whether Reclamation funding is available and whether the federal contract process could be streamlined for this situation.

Regarding participation by Kern County in the JPA, President Worthley said a conference call was held with one of the county supervisors who expressed interest. Vice President Mendes said contacts need to be made with other Kern County supervisors.

President Worthley said some changes among JPA alternates resulted from the recent election. By the next meeting, each member agency needs to identify its alternates so the Board can take appropriate action.

TECHNICAL ADVISORY COMMITTEE

Chris White, Technical Advisory Committee (TAC) Chairman, reported the TAC expects to spend about 45 days on an analysis proposal made recently by the Friant Water Authority. The hope is that the parties can "rally around" a finding that can be utilized in the broader analysis required under the Proposition 1 funding application due in July. There remains concern over costs involved in the total analysis work, which now seems to be at the upper end of the estimated range at approximately \$900,000. That is leading to reliance on what services Reclamation can provide to the process. He reviewed the two-phase process that the TAC is utilizing to move forward on the application. The TAC is also working with a sub-group investigating groundwater supply improvement opportunities and their relationship to Temperance Flat, and involvement with the state Department of Water Resources. President Worthley stated that "there are a lot of balls in the air here." He expressed confidence that a good application will emerge. Mr. Worthley said Reclamation is assisting in determining how it can help to meet the extra and extensive analysis of future climate change being required by the Water Commission although there are limitations in what Reclamation can do.

Gary Serrato, Fresno Irrigation District General Manager and Chairman of the sub-group investigating groundwater, said the question is how such improvements are going to enhance Temperance Flat and the overall water supply. More detailed information is being sought from those agencies that have submitted possible projects, including a request that only projects that would truly

enhance Temperance Flat be submitted. He said the complex and growing requirements and effects of the new Sustainable Groundwater Management Act (SGMA) have added another layer to an already difficult process. The sub-group is examining means of “parking” flood surplus water for longer periods when it is available so it can be distributed and recharged by local districts to benefit the aquifer conditions. He said protections of existing East Side water supplies need to be requested and provided as a first step.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Santoyo briefed the Board on the October and November meetings of the California Water Commission. For the JPA, dominating those sessions was the proposal by the Commission and its staff that an analysis of climate change over the next 30 and 70 years be included in any water storage facility applications under Proposition 1. Mr. Santoyo said the Commission staff did an excellent job of complicating the issue with incredibly complex data and statements that obviously left Commissioners intimidated and unable to fully grasp the information being presented. The Commission staff has chosen not to use traditional means of analyzing effects of climate change through use of existing hydrologic data. This method is used by federal scientists and was employed in the feasibility study analysis and cost-benefit ratio study conducted for Temperance Flat. Included on that path were assumptions of what might occur in the future. The Commission staff has chosen to pursue, and compel applicants to analyze, a much modified approach that ignores actual hydrologic data. Instead, climate change to date is to be essentially assumed with hydrologic data adjusted and then projected out into the future period, assuming economic conditions that will occur and further assume all current regulatory conditions will remain in place. The JPA argued repeatedly that water itself should be examined with a projection of whether or not amounts of water and types of operations then available will be what they are now. The JPA was unsuccessful in making these and other arguments. Mr. Swanson said the Commission and its staff have opted to make economic values the basis of their decisions assuming a particular climate is definitely going to occur. Ms. Denning reported Reclamation has initiated studies in response to the Water Commission actions with additional modeling on one alternative but is limited in going much further. The next Commission meeting is December 14.

OTHER BUSINESS

Regarding support letters for the project, Mr. Santoyo said Congressman Costa had been very helpful in contacting other members of Congress. He said the JPA's objective now must be to market favorably in favor of Temperance Flat with the Commission in advance of the application being filed. However, there is a need to determine the new Trump administration's attitude on the project.

A meeting with Governor Brown's staff and another with USBR Regional Director Murillo are scheduled in Sacramento for December 16. Regarding the Governor's staff meeting, President Worthley said the issue is not just about agricultural production, it is also about disadvantaged communities and the valley's economic vitality.

Mr. Santoyo reported a request had been made for a meeting with Senator Dianne Feinstein in San Francisco but that it now appears if the JPA wishes to have such a meeting it may need to take place in her Washington office.

He also reported that the JPA and others are working on arranging a possible tour of the Temperance Flat Dam site with Assembly Speaker Alex Rendon. There was considerable discussion regarding the situation facing the JPA regarding the attitudes and misinformation among some state officials for the Temperance Flat project. President Worthley said the JPA must convince people to look at specifics of the situation and need for Temperance Flat rather than generalities about dams. Mr. Santoyo said the nexus between the intent of the Central Valley Project's Friant Division and Delta-Mendota Canal

to be integral parts of the valley's groundwater supply process has been lost or diminished severely among many Californians.

OUTREACH

Those who took part in a recent Fresno *Bee* editorial board meeting were pleased to see that the newspaper completely understands the need for the project. The paper editorialized in support of Temperance Flat.

Mr. Santoyo provided an update on the proposed California Water Summit which he said as conceived would assist a broader audience in better understanding possibilities for Temperance Flat, other surface storage projects, possible additional infrastructure enhancements and related operations. Dr. Castro, California State University, Fresno President, is so enthusiastic that he wants to hold the Water Summit in Fresno State's sports arena, the Save Mart Center. There is interest among several media outlets and other organizations in co-sponsoring the event, expected to be held early in 2017. A meeting with possible sponsors and participants will be scheduled.

A large petition to Governor Brown from the California Latino Water Coalition was signed by approximately 4,000 of those attending the recent Fight for Water 6 (featuring Avenal boxer Jose Ramirez) in Fresno. Other agricultural organizations are circulating the petition.

REPORTS FROM DIRECTORS

Director Lopez said he is making a special effort to collect additional names on the petition to Governor Brown. President Worthley stressed the project may well only be successful if petitions such as the one to the Governor and other information activities can convince the Governor and particularly the Legislature's Latino members about Temperance Flat's need and value.

NEXT MEETING

The JPA's next board meeting will begin at 9:00 a.m. Friday, January 13, at the board chambers of the Fresno Irrigation District, 2907 South Maple Avenue, Fresno, California.

ADJOURNMENT

There being no further business to come before the meeting, the same was adjourned by President Worthley at 10:40 a.m.

Respectfully submitted,



J. Randall McFarland
Acting Recording Secretary