



GOVERNING BOARD

2800 Burrel Avenue, Visalia, California 93291
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EXECUTIVE DIRECTOR

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REGULAR MEETING OF THE BOARD OF DIRECTORS APRIL 13, 2018 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 (SJVWIA) was called to order at 9:01 a.m. on April 13, 2018, by President Steve Worthley.

PRELIMINARY MATTERS

The board and audience members joined in the Pledge of Allegiance, led by President Worthley.

At the request of President Worthley, Recording Secretary J. Randall McFarland called the roll of Board members. The following directors were present: President Worthley, Vice President Mendes, Directors Rogers, O'Banion, Verboon, Lopez, Preciado, Chedester, Phillips and Silva. Staff present: Executive Director Mario Santoyo.

Others present (*from roll signatures*): Recording Secretary J. Randall McFarland; Megan Marks and Sonexay Sopha, office of the Fresno County Auditor-Controller; Eli Cruz, SJVWIA; Sharon McHale and Allison Jacobson, Reclamation; Jodi Raley, CCGGA-WAPA; Van Pope, Westlands Water District; Julianne Phillips, Kings County; Lacey Kuiakui, Merced County; Ian Coolbert, Assemblyman Patterson's office; Ana Melendez, Assemblyman Arambula's office; John Anderson, Senator Cannella's office; and Gloria Preciado, Avenal.

President Worthley asked for consideration of the Minutes for the regular Board meeting held on March 9, 2018. Director Verboon moved, seconded by Director Lopez, that the minutes be approved as mailed. The motion carried unanimously.

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.

ORGANIZATIONAL

President Worthley said the SJVWIA's organizational matters on the agenda would be taken out of order. He said the time was appropriate to accept the City of Fresno as a SJVWIA member and seat Lee Brand, Mayor of the City of Fresno, as a director. Mr. Worthley noted that directors and alternates of counties and cities must, under rules of the Joint Powers Agreement, must be elected officials. Director Phillips said the matter appeared to be out of order according to terms of the SJVWIA's bylaws. Executive Director Santoyo reviewed recent board actions that were not specifically covered by the Joint Powers Agreement and pointed out the Board of Directors had agreed to commission a Joint Powers Agreement amendment to cover all changes. Mr. Santoyo also noted the Board previously acted to vacate the *Cities* category by appointing Avenal and Orange Cove to a new *Disadvantaged Cities* board category. The City of Fresno, when invited to become a member, was designated to become the representative of *East Side Cities*, a position recognized in the Joint Powers Agreement. On motion of Director Lopez, seconded by Vice President Mendes and carried, the City of Fresno was accepted as a member and was appointed as a Director.

Regarding designation of an alternate for the San Luis & Delta-Mendota Water Authority, Director O'Banion moved, seconded by Director Verboon, that Chris White of the Central California Irrigation District be appointed. The motion carried.

FINANCIAL

Megan Marks, office of the Fresno County Auditor-Controller (which serves as the JPA Treasurer), introduced Sonexay Sopha, who has been assigned to handle the SJVWIA's financial matters. Mr. Sopha presented the financial report. He said as of March 31, 2018, the JPA had received administrative revenue in the amount of \$460,236 (out of \$506,012 in budgeted anticipations), and had administratively expended \$266,171 (out of \$487,626 in the administrative budget). FY 2018 engineering revenues as of March 31, 2018, were \$294,640 (compared with \$100,000 in budgeted anticipations; engineering expenditures amounted to \$199,836, (compared with \$380,545 of the budgeted amount). The JPA's cash balance on March 31, 2018, was \$456,632. Remaining appropriations for FY 2018 as of March 31, 2018, amounted to \$378,455 with total budgeted cash remaining of \$78,177. *(A copy of the financial report is on file.)*

Mr. Santoyo said the 2018 engineering services are being funded with money provided by the City of Fresno. The SJVWIA currently has enough funds to cover obligations for which the Authority is responsible. He asked the Fresno County Auditor-Controller's Office to provide separate engineering services financial reports. He said such enhanced reporting would assist the SJVWIA in making required quarterly reports to the U.S. Bureau of Reclamation and ensure the City of Fresno receives full credit as an investor for its contributions.



The proposed 2018-19 budget was then taken up. Mr. Sopha and Mr. Santoyo presented summaries of the budget as drafted, referring to printed materials (*which are on file.*). Mr. Santoyo stated it had been hoped the project investors group would assume responsibility for technical funding for Stantec services through July but, as such as not occurred, the City of Fresno has stepped up to cover those additional costs, some \$98,000 under Task Order No. 5. The new accounting sheet will include funds passing through SJVWIA accounts and those funds and expenditures being covered from other sources. He said \$20,000 in legal costs that had been listed previously for outside legal counsel in connection with future transfer of the Temperance Flat application to project investors has been changed at the board's request to be placed in the account for the Tulare County Counsel. President Worthley said the City of Fresno adjustment would result in an increase anticipated revenue to \$470,000. Director Phillips said he needed to take the budget and its proposed \$50,000 assessment as such would affect the Friant Water Authority to the FWA Board of Directors for consideration. President Worthley stated each member SJVWIA agency must do the same as home boards consider their upcoming fiscal year budgets.

President Worthley observed that the funding process is likely to look very different in future years as the situation of the various interests changes. He said he does not anticipate an assessment of \$50,000 per member (\$10,000 to each Disadvantaged City) in future years beyond the upcoming budget but in future years anticipate a much different structure.

Director Chedester also requested a delay for consultation with the San Joaquin River Exchange Contractors Water Authority Board of Directors because its budget did not include the SJVWIA's \$50,000 assessment. He asked SJVWIA board colleagues what they expect the Authority's goals to be for the coming year. President Worthley replied that the investors group has made clear it is not positioned to assume project cost obligations so the SJVWIA has no recipient of handing off the baton at this time. The Authority must continue going forward to meet present obligations. Ms. Marks said the Fresno County Auditor-Controller's Office, which functions as SJVWIA Treasurer, could prepare interim budget "actuals" for a stated period such as three months or six months as the Authority Board may prefer.

After discussion, Director Rogers moved, seconded by Director Silva and carried unanimously, that action on the SJVWIA 2018-19 budget be continued until the next meeting of the Board. Ms. Marks said the SJVWIA will have enough cash in reserve on July 1 to meet all of that date's current expenses if assessment revenue does not begin being paid until July 1 or shortly afterward.

In the matter of Stantec's engineering costs, Mr. Santoyo noted that Task Order No. 5 was previously agreed to by the Board of Directors without options. That course was taken because the SJVWIA had offered to the investors group the responsibility for administering and paying for the Stantec task options needed from May through July 2018 when the California Water Commission is to be completing its Water Storage Investment Program (WSIP) scoring and decision-making process. The investors group did not assume that responsibility but the City of Fresno stepped up to make the payment. The process, however, must go through SJVWIA accounting, resulting in a need for the Board to authorize payment of Task Order No. 5 with options. On motion of Director O'Bannion, seconded by Director Alvaro and carried, the Board granted the necessary authority to pay Stantec Task Order No. 5 with options.



PUBLIC COMMENT

President Worthley reopened the public comment period and recognized Ana Melendez, from Assemblyman Joaquin Arambula's office. Ms. Melendez summarized Dr. Arambula's bill, AB 2649, a water rights measure that would codify and make permanent a temporary order by Governor Brown and declare groundwater recharge, a vital tool in complying with the state's Sustainable Groundwater Management Act (SGMA), to be a beneficial use of water resources. She asked the Board for support. On motion of Director Rogers, seconded by Director Chedester and carried unanimously, the matter was placed on the agenda for action as an urgency matter. On motion of Director Rogers, seconded by Director O'Banion and carried unanimously, the Board took a *support* position on AB 2649.

WATER STORAGE INVESTMENT PROGRAM (WSIP)

Executive Director Santoyo presented a summary of considerations and actions scheduled for the Water Storage Investment Program under which the SJVWIA has applied for \$1 billion in Proposition 1-State Bond funding for a portion of the anticipated costs associated with the development of Temperance Flat Dam and Reservoir. On April 20, the California Water Commission staff is to post its second set of scores and details for public benefit ratio of Temperance Flat and the other 10 applicant proposals. In the wake of the CWC staff's original score of 0.10 for Temperance Flat, a meeting was held with the staff; Stantec engineers filed a 20-page appeal document (with unlimited attachments), completing a massive amount of additional work in the process. Presentations by the CWC staff and applicants to the Water Commission are scheduled for May 1-3 in Sacramento, to be followed immediately by a final decision by commissioners on public benefit ratios. Preliminary scores from three additional categories will be posted by the CWC staff May 25. Mr. Santoyo said that since 50% of the benefits must be environmental, an expert fishery biologist should be added to the SJVWIA team. President Worthley said that needs to be done now, adding that time is of the essence. The board consensus was to move ahead.

Director Phillips asked Bill Swanson of Stantec about how the San Joaquin River Restoration Program has weighed in on Temperance Flat. The answer was "not deeply," although there is a technical advisory committee that includes Friant, environmental representatives and biologist Dr. Charles Hansen.

Continuing with his summary, Mr. Santoyo said final determination on scores is to be announced by the CWC staff July 6. On July 25, the Water Commission's members are to make final decisions on project funding and make conditional awards, including early funding to successful applicants. The SJVWIA has notified the CWC staff Temperance Flat may want early funding for project activities such as permitting and environmental documentation. Because of the interest by project beneficiaries to be investors and assume the project's oversight, the first step for the SJVWIA would be to ask the CWC for an opinion on whether or how early funding awards might be assigned to another group in connection with Temperance Flat.

Further discussion focused on the recent SJVWIA meeting conducted with a number of possible project investors, including the City of Fresno, Friant Water Authority (FWA) and other water agencies.



Director Phillips noted that the FWA is handling funds for investors. He summarized investor activities. Mr. Swanson reported a steering committee has been meeting over the past six months to evaluate joining and investing funds to advance the Temperance Flat Project. More than 20 Friant Division contractors of Central Valley Project water have agreed to participate. Each has paid \$100,000 to take part. There are also some 10 groups sharing in a single \$100,000 investment. Meetings are being held with each entity to discuss potential Temperance Flat water operations and supply management. The process is complicated and it is expected that every participant will present differences in operating plans and maximum benefits. The intent is to put all of this information, and the proposals, together during May and June. Cost allocations, rate impacts and financial implementation are part of these considerations. Director Chedester added that investors must agree upon a governance structure. President Worthley said that from the SJVWIA's perspective, the Authority of necessity is left for now with the task of keeping the overall Temperance Flat process advancing.

EXECUTIVE DIRECTOR'S REPORT

The next California Water Commission meeting will be a three-day hearing May 1-3 in Sacramento during which project benefit ratios are to be finalized.

Sharon McHale of the U.S. Bureau of Reclamation presented an updated status of the federal feasibility study on Temperance Flat, federal funding, Congressional authorization matters and NEPA compliance needs. Reclamation is incorporating Alternative Plan 6, the new operational scenario proposed last year by potential project users. Matters of federal process and non-government participation are being examined. Director Phillips asked about whether Reclamation can streamline the process under the WINN Act. Ms. McHale said a traditional approach to consideration and evaluation is being used, particularly in economics. It was noted issues exist in the process being followed by the Friant Water Authority and SJVWIA that are contributing to "streamlining" not being followed. The SJVWIA will need to deal with cultural resources, a new state water rights permit and application, new points of diversion and new points of use by Temperance Flat. Bill Swanson of Stantec noted that Reclamation holds three permits granted to the Friant project in 1959 and in 1990 and the State Water Resources Control Board began a process to license those permits, only to be stymied by the San Joaquin River restoration litigation. This aspect again shows how difficult and complicated the Temperance Flat Project is turning out to be. Ms. McHale noted that to comply with NEPA, the new Alternative 6 supplemental draft will discuss various impacts of the alternative. There will be a 45-day public review period during the summer of 2018, followed by a new lengthy review process. Public release of the final EIS is expected in the winter of 2018-19. It is hoped to complete the federal feasibility study by August under a very compressed schedule.

OTHER BUSINESS

Mr. Santoyo said efforts continue to set up a meeting with Senator Harris. President Worthley reported a good meeting was held with Senator Feinstein. The Senator indicated she would participate in working with the Interior Department and Reclamation in connection with the Temperance Flat Project and related issues.

OUTREACH AND PUBLIC RELATIONS



Mr. Santoyo reported on a March 27 presentation to an agricultural group that Congressman Costa also attended as well as an April 7 presentation to members of the Fresno County Farm Bureau FAACT leadership class. He is helping arrange an April 25 debate among several gubernatorial candidates that will originate at the Valley PBS studios.

REPORTS FROM DIRECTORS

Vice President Mendes raised the issue of pending state Wild and Scenic Rivers legislation. Mr. Santoyo said the bill had passed a committee hearing but needs to be shut down because of the legislation's obvious intent to open the Wild and Scenic Rivers door "a little bit" to accommodate a larger future designation. The bill now goes to an appropriations committee.

ADDITIONAL BUSINESS

The Board confirmed that the Executive Director should hire a biology consultant if needed

NEXT MEETING

The Board by consensus agreed to cancel the SJVWIA's May meeting. The next board meeting is scheduled to begin at 9:00 a.m. Friday, June 8, 2017, 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 11:35 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "J. Randall McFarland". The signature is fluid and cursive.

J. Randall McFarland
Recording Secretary