MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
ARVIN-EDISON WATER STORAGE DISTRICT
September 8, 2020

Pursuant to Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and guidance by the California Department of Public Health dated March 16, 2020, this meeting was conducted at 20401 E. Bear Mountain Blvd., Arvin, CA. 93203, (Directors and Limited Staff Only) and via WebEx. The public participated via WebEx.

CALL TO ORDER

President Edwin Camp called to order the monthly meeting of the Board of Directors' of the Arvin-Edison Water Storage District at the hour of 12:00 p.m., with a quorum being then and there present remotely, to wit:

Edwin Camp, President
Jeffrey Giumarra, Vice President
John Moore, Secretary-Treasurer (Via WebEx)
Catalino Martinez
Dennis Johnston
Derek Yurosek
Kevin Pascoe
Charles Fanucchi (Via WebEx)
Ron Lehr (Via WebEx)

District staff present:

Jeevan Muhar, Engineer-Manager
David Nixon, Deputy General Manager
Steve Collup, Director of Water Resources (Via WebEx)
Mark Dawson, Engineer* (Via WebEx)
Fernando Ceja, District Engineer

District consultants present:

Scott Kuney, Esq., Law Offices of Young Wooldridge, LLP
Randy Hopkins, & Herb Simmons, Provost & Pritchard Engineering Group (Via WebEx)
Todd Robins, Esq., Robins Borgheim, LLP (closed session only) (Via WebEx)

Visitors and Guests (Via Webex):

George Cappello, Grimmway Enterprises*
Timothy Gobler, Wonderful*
Andrew Mason, Wonderful*
Glenn Watts, Watts Farming*
Barry Watts, Watts Farming*

RECOGNITION OF VISITORS AND GUESTS

All visitors (via Webex) were recognized and formally welcomed.

**Note: Departed at the start of Closed Session 1:50 p.m.*

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

CORRECTIONS OR ADDITIONS TO THE AGENDA OF ITEMS, AS AUTHORIZED BY GOVERNMENT CODE §54950 et seq.

Mr. Muhar stated an Action Item needs to be added to the posted Agenda related to receipt of a correspondence letter stating the official resignation from Director Charles Fanucchi - Division 7 effective as of September 15, 2020, which will create a vacancy on the Board. Director Yurosek motioned, seconded by Director Pascoe, and unanimously carried to add this Action Item to the posted Agenda with the following vote to wit:

Ayes:	Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Martinez, Pascoe, and Yurosek
No:	None
Abstain:	None
Absent:	None

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OPPORTUNITY FOR PUBLIC COMMENT

There were no public comments.

EMPLOYEE ANNIVERSARY AWARDS

Mr. Nixon noted two (2) employees with anniversaries; twenty-five (25) years for Greg Johnson, Pump Repairman; and twenty (20) years for Jerome Lyday, Operations Foreman.

CONSENT AGENDA

President Camp asked if there were any questions concerning the Consent Calendar, which items were detailed with staff reports in the board packet(s). The following is the list of Consent Agenda items:

CA-1) **Agenda Item 6:** Approval of Minutes of Board of Directors' meeting held on July 14, 2020

CA-2) **Agenda Item 7:** Approval of Treasurer's Report for July 31, and August 31, 2020; Unaudited Internal Financial Statements for Period Ending June 30, 2020; and Delinquency List for Water Year 2019 in the amount of $71,801.98

CA-3) **Agenda Item 8:** Approval of memberships, contributions, and/or call for funds:
a) Western Growers in the amount of $400

CA-4) **Agenda Item 9:** Resolution No. 20-20, ADOPTING AND PUBLISHING A VERIFIED ANNUAL STATEMENT OF THE FINANCIAL CONDITIONS OF THE DISTRICT

Director Martinez motioned, seconded by Director Giumarra, and with the following vote to wit for three (4) Consent Agenda items:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe Martinez and Yurosek
No: None
Abstain: None
Absent: None

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ACTION ITEMS

CONSIDER APPROVAL OF THE PROCESS TO FILL DIVISION 7 VACANCY

President Camp read the resignation letter from Charles Fanucchi effective September 15, 2020 and consequently a vacancy will exist in Division 7. President Camp further stated that Director Fanucchi has served on the Board since 1985 and he appreciates his many years of dedication. Director Fanucchi addressed the Board stating is was time and it was his pleasure to serve.

Mr. Nixon reviewed the steps/options to fill a board vacancy, which must be filled within sixty (60) days from the effective date of Director Fanucchi's resignation, which includes a public noticing, and if a person is not appointed within sixty (60) days it will go to the Board of Supervisors to appoint within thirty (30) days after which it will go through an election process. Mr. Nixon stated the requirements for a person to be on the Board of Directors' are that they must be a landowner within the district or be appointed to represent such landowner, be a U.S. citizen, eighteen (18) years of age, and a resident of the State of California.

After a brief discussion, the consensus of the Board was to 1) appoint an Ad-Hoc Committee consisting of four (4) members (Directors' Camp, Giumarra, Moore, and Pascoe) to follow a similar process that was undertaken at the last vacancy and to make a recommendation(s) to the Board (at the October or November meeting), and 2) post the "Notice of Vacancy." Director Yurosek motioned, seconded by Director Martinez, with the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe Martinez and Yurosek
No: None
Abstain: None
Absent: None

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RESOLUTION NO. 20-21, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (July 2020 – Warrant Numbers 42080 – 42213)

Mr. Nixon stated July disbursements are approximately $3.8M. Mr. Nixon then presented a form of Resolution; whereupon, Director Johnston motioned, seconded by Director Giumarra, with the following vote to wit. A copy of Resolution No. 20-21, is on file in the Resolution book and is hereby made a part of these minutes.

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: None

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RESOLUTION NO. 20-22, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (August 2020 – Warrant Numbers 42214 – 42333)

Mr. Nixon noted that there were additional warrants, totaling approximately $136K, which brings August disbursements to approximately $2.9M. Mr. Nixon then presented a form of Resolution; whereupon, Director Johnston motioned, seconded by Director Giumarra, with the following vote to wit. A copy of Resolution No. 20-22, is on file in the Resolution book and is hereby made a part of these minutes.

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: None

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CONSIDER APPROVAL OF DISCONTINUATION OF WATER DELIVERIES TO CERTAIN AREAS OF THE DISTRICT FROM MONDAY, NOVEMBER 30, 2020 THROUGH SUNDAY, DECEMBER 20, 2020 FOR CONSTRUCTION, MAINTENANCE AND REPAIR OF THE DISTRICT'S DISTRIBUTION SYSTEM

Mr. Muhar provided details of Winter Maintenance activities during the month of December and noted the canal will not be dewatered this year. Mr. Muhar requested the Board approve the typical letter to notify water users of the Winter Maintenance schedule as enclosed in Board packets. Director Pascoe motioned, seconded by Director Giumarra, and unanimously carried to approve the Winter Maintenance schedule and to mail the notification letter to all water users by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: None

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CONSIDER 2021 BUDGET ITEMS RELATED TO WATER SUPPLY ASSUMPTIONS, WATER USE, AND ANNUAL GROUNDWATER PUMPING COST MEMORANDUM

Mr. Muhar noted it is that time of year for the annual budget process to begin with additional agenda detailed information provided in the Board packet including the draft "Evaluation of Groundwater

Conditions and Determination of Groundwater Production Costs in 2020" technical memorandum, which illustrated the average groundwater pumping cost increasing by approximately $10/acre-foot from $179 to $189 per acre-foot (8.5%), mainly as a result of increases in energy costs. Provided the historical budget and rate setting practices, the increase in groundwater pumping related cost would consequently raise the surface water rates in 2021 by an equivalent $10/acre-foot. Mr. Muhar also reviewed 2020 WY graphs of water supplies, groundwater balances, water levels and would assume slightly decreased deliveries given recent trends and further stated that staff would follow the same process as last year including a dual rate structure to account for both unrestricted deliveries and an assumed prorated delivery schedule. Mr. Simmons reviewed the changing PG&E rate schedules, which results in higher costs. Mr. Muhar further stated that Mr. Ceja will be reaching out to landowners to confirm PG&E rates.

There was a brief discussion regarding the use of natural gas/diesel for the District. Director Giumarra motioned, seconded by Director Martinez, and unanimously carried to accept the 2021 Budget Component items by the following vote to wit:

Ayes:	Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos:	None
Abstain:	None
Absent:	None

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CONSIDER APPROVAL OF TASK ORDER FOR PROVOST & PRITCHARD ENGINEERING GROUP AUTHORIZING AN "ENGINEER REPORT" FOR A POTENTIAL PROPOSITION 218 ELECTION ($56K)

Mr. Nixon stated additional agenda detailed information was provided in the Board packet; however, during the 2020 budget process the Board established the charges for the General Administrative and General Project Service Charge (GA&GP), which is the maximum allowed $114.57 per acre on landowner's Kern County property tax bill(s) for December 2020 and April 2021. Mr. Nixon stated the prior 5% increase marked the end of GA&GP increases allowed under the prior Proposition 218 Election in 2016 and accordingly in order to increase above $114.57 per acre, another 218 election would have to take place in 2021. Mr. Nixon then reviewed the process and timeline that would take place before an election with the first step being completing an "Engineer Report." Mr. Nixon stated the "Engineer Report" has to be completed ahead of time in order to justify any proposed increase(s). Mr. Nixon stated this action item is for the Provost & Pritchard Engineering Task Order in the amount of $56K, which also includes, if necessary, creating ballots and hiring a third party to collect/count ballots. There was a brief discussion, and Director Yurosek motioned, seconded by Director Johnston, and unanimously carried by the following vote to wit:

Ayes:	Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek

Nos: None
Abstain: None
Absent: None
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CONSIDER APPROVAL OF BID(S) FOR FORREST FRICK PUMPING PLANT (PUMP REBUILD) UNIT NO. 3

Mr. Muhar presented the bids for the Forrest Frick Pumping Plant (FFPP) for Unit No. 3 pump rebuild. Mr. Muhar noted that Evans Hydro, who has rebuilt several FFPP units in the recent past, was the low bidder at $355,699 including a two (2) year warranty and lead time of sixteen to eighteen weeks for repairs. In addition, staff recommends budgeting a 15% contingency to address taxes and potential change orders ($53,355) and an additional $24,000 for inspection, for a total of $433,054. Staff requested approval of a not to exceed amount of $435,000. Director Johnston motioned, seconded by Director Martinez and unanimously carried staff recommendation with the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: None
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Mr. Nixon further stated a bobcat was found in the Unit #3 motor casing with an estimated $351K in damages and a claim has been submitted to the insurance company.

FRIANT DIVISION AND FRIANT WATER AUTHORITY (FWA)

Friant-Kern Canal Subsidence

Mr. Muhar provided an update on the Friant-Kern Canal Subsidence issues, which included detailed reports in the board packet, involving a) the Capacity Correction Project, b) financing options, c) investment by Friant Contractor's resulting Zone 3 capacity, and d) Project Construction Contracting options. Mr. Muhar further noted additional information regarding the FKC Project funding will be discussed in closed session.

Friant-Kern Canal Water Quality

Mr. Muhar provided an update of the proposed FKC water quality policy which includes mitigation and limited degradation from programs and projects that introduce water into the FKC of lesser quality. Mr. Muhar further stated the Ad-Hoc/small water quality group is continuing to work with Reclamation to revise the current Policy to incorporate these proposed changes. In addition, a tolling agreement with Shafter-Wasco Irrigation District (SWID) was approved in light of their continued concerns with the proposal, and the proposed policy

administration costs are estimated at $172K annually and would be charged to contractors introducing non-Millerton Lake water into the FKC.

Miscellaneous

Mr. Collup provided updates on various Friant issues which included: a revised scope of the FKC Pumpback Project has been authorized to complete 90% engineering; 2021-2022 General Member $2.6M budget approved for circulation (22% increase) with the District's share being $306K (12% of total); extending/renewing the FKC O&M Agreement through 2053; tracking a Westland's Water District request for a SJR diversion permit for flood flows; Central Valley Project Improvement Act charges "true-up" by Reclamation is close to being finalized and anticipates repayment of between $30M to $100M to CVP contractors; Friant Operational Guidelines updates are a priority for 2020; San Luis Delta Mendota Water Authority expenses, which Friant contractors pay a large share as a result of SJR Exchange contract deliveries, is considering several capital projects; SJV Blueprint efforts continue; Federal and State legislative reports have been greatly reduced due to COVID-19; Friant will have a Board Retreat November 16-19, and Director Giumarra covered the July FWA Board meeting.

AGENCY/AUTHORITY/COMMITTEE REPORTS

Kern Groundwater Authority (KGA)

Mr. Muhar stated Director Pascoe has attended a couple of the Executive Committee meetings and several KGA meetings have been canceled, but the August meeting was held mainly to pay bills. Mr. Muhar stated the District requested a Department of Water Resources Technical Services Grant (TSS) for five (5) monitoring wells, but opted out due to additional upfront cost but staff is waiting for DWR's comments on the GSP before proceeding. Mr. Muhar stated the San Joaquin Valley Blueprint has provided material at a couple KGA meetings, and KGA has focused its time on responding to comments on the KGA Umbrella Plan as well as specific comments to the Management Area Plans. Mr. Muhar stated EKI has made progress on its workplan consisting of well mitigation policy, project priorities, groundwater model reviews and a return flows estimate that was requested in 2015 prior to SGMA.

Mr. Muhar stated the District is working with East Niles CSD to address parcels in the overlap area that are currently surface water service area and agricultural use. In addition, the District recently received a request for white lands inclusion of 40 acres, which technically can still be included in the AEWSD plan as the KGA has not finalized boundary changes. There was a brief discussion, and the Board agreed to include landowner requests until a KGA imposed deadline.

White Wolf Basin GSA

Mr. Muhar provided an update with Directors' Martinez and Giumarra attending the last meeting which topics included: the Groundwater

Sustainability Plan due next year before it goes through the public review process, management area options, C2VSIM review model highlighting White Wolf basin discrepancy; and therefore, a decision to create a new groundwater model that would also assist in understanding Groundwater Dependent Eco-Systems but also future SGMA compliance.

Power and Water Resources Pooling Authority

Mr. Dawson provided an update on the annual pre-reconciled power costs from January through July 2020 is currently 9.6¢ per kWh, a rate change was approved in August, and the totals for the year expected to collect is approximately $11M in energy costs.

Mr. Nixon stated the 2019 Calendar Year reconciliation was finalized with the District receiving a $443K refund, and PG&E will be filing with FERC a proposed wholesale distribution tariff rate increase.

Kern River Watershed Coalition Authority

Mr. Muhar provided an update with Directors' Johnston attending the last meeting and stated the acreage fee for next year will remain at $3.00 per acre on $2.6M budget and the domestic well testing requirement deadline is December 31, 2020.

Kern County Water Agency – Cross Valley Canal

Mr. Muhar provided an update on the Cross Valley Canal (CVC) with recent request to investigate and potentially change the integrated canal percentages and related O&M charges was voted down at this time. Mr. Muhar further stated an expansion project to install VFDs related to a voltage flicker issue (PG&E) from new plants is complete however, the cost shares related to the construction of a new turnout from the Kern River into CVC is being investigated by the participants.

MONTHLY STAFF REPORTS

Water Supply Update & Report of District Operations

Mr. Ceja provided a "snapshot" of the 2020 Water Year and deliveries through August, noting the FKC will be dewatering in November, District will be switching over to CVC supply and carrying 4,000 acre-feet of Friant supplies into the 2021 Water Year. Mr. Ceja further reviewed the year-to-date summary, groundwater and surface supplies for the year, wellfield levels and repair issues, groundwater level information, historic deliveries, and spreading operations.

Mr. Muhar noted staff and consultants successfully submitted a grant application for the FFPP Eastside Canal Intertie Project, and the second grant application is due next week for the DiGiorgio Unit Phase 2, which project had the highest internal scoring when compared to several other pipeline projects in the District.

OPERATIONS AND MAINTENANCE PROJECTS

Well Replacement Program and Well Repairs

Mr. Simmons provided an update on the emergency Well Replacement Program construction for the two (2) new North Canal Wells (N22 and N23), stating the pipeline and electrical distribution project were both complete and the new wells are on-line and performing well (over 2,000 gpm). Mr. Simmons noted some problems being worked out with 600 hp pumps and motors.

Mr. Ceja reported that the construction of the emergency pipeline was $100k under budget and the electrical components were $50k under budget. Mr. Ceja also noted staff is working with PG&E to address startup issues of the North Canal wellfield, which appears to be a PG&E issue (lack of sufficient voltage/amperage).

Assessment of Reasonable Water Requirements (JM Lord Report)

Mr. Muhar noted the additional agenda detailed information was provided in the Board packet; however, the JM Lord report provides crop water use and can be used to compare against actual water use, supporting documentation for hydrologic balance work, Water Management Plan references, and SGMA planning. Mr. Muhar stated Table 15 of the report provides a summary of the assessment by category and total 2019 water use of 297,000 acre-feet which is about 30,000 acre-feet below and/or 10% less than the average since 1995. There was a brief discussion regarding the cost of the report, which has been completed every year since 1995.

CORRESPONDENCE

Mr. Muhar noted legislative reports from FWA, KCWA, and VAWC, the Ag Energy Consumers report, and an article on AE/MWD Water Management Program regarding 123TCP and the Pixley Water Bank case.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL

Legal Counsel Kuney then advised the Board he would like to discuss existing litigation, and anticipated litigation, namely: *Potential Litigation (Three Items); Potential Litigation - Two (2) Crop Damage Claims; NRDC vs. Conant, et al (SJRRP); Appeal of Regional Board General Order for Third Party Groups for Tulare Lake Basin (Resol #R5-2013-0120) to State Water Resources Control Board; City of Fresno, et al vs. USA, Court of Federal Claims; California Natural Resources Agency, et al, vs. Wilbur Ross;* based upon advice from Legal Counsel, discussing such matters in open session would cause prejudice to the District; therefore, the Board adjourned into closed session in accordance with Government Code Section §54956.9 at 1:50 p.m.

Upon returning to open session at 4:27 p.m. Director Johnston motioned, seconded by Director Martinez, to hire Water Quality Special Counsel Matthew Adams of Kaplan Kirsch Rockwell under the terms discussed in closed session, and unanimously carried by the following vote to wit:

Ayes:	Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos:	None
Abstain:	None
Absent:	None

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In addition, Director Johnston motioned, seconded by Director Giumarra, to reject two (2) crop damage claims under the terms discussed in closed session, and unanimously carried by the following vote to wit:

Ayes:	Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe, Martinez, and Yurosek
Nos:	None
Abstain:	None
Absent:	None

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OTHER ITEMS TO BE DISCUSSED PURSUANT TO GOVERNMENT CODE SECTION §54954.2 (RELATING TO ITEMS NOT APPEARING ON THE POSTED AGENDA); AND ADJOURNMENT

President Camp asked if there were any further matters that needed to be brought before the Board of Directors, and there being none; Director Moore motioned, seconded by Director Fanucchi, and by unanimous vote, adjourned the meeting at 4:30 p.m.

David A. Nixon, Deputy General Manager
/Assistant Secretary-Treasurer