

**MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
ARVIN-EDISON WATER STORAGE DISTRICT
September 14, 2021**

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 East Bear Mountain Blvd., Arvin, CA 93203 with Board Directors and staff only, and 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, to wit:

Edwin Camp, President
Jeffrey Giumarra, Vice President
John Moore, Secretary-Treasurer (Via WebEx @ 12:35 p.m.)
Catalino Martinez
Dennis Johnston
Catherine Fanucchi
Derek Yurosek (arrived @ 12:10 p.m.)
Matthew Vickery

There was one absent director:

Brian Kirschenmann

District staff:

Jeevan Muhar, Engineer-Manager
David Nixon, Deputy General Manager
Fernando Ceja, District Engineer
David Grant, Controller*
Micah Clark, Engineer Technician*
Sherry Jauch, Executive Secretary*
Casey Smith, Maintenance/Basin Operator (departed @ 12:30 p.m.)

District consultants:

Scott Kuney, Esq., Law Offices of Young Wooldridge, LLP (departed @ 3:30 p.m.)
Randy Hopkins & Herb Simmons, Provost & Pritchard Engineering Group (Via WebEx)*
Anona Dutton, EKI Consultants, Inc. (Via WebEx)*
John Bezdek, Esq. Water, Power and Law, LLC (Via WebEx)**
Matt Adams, Esq. Kaplan Kirsch Rockwell, LLP (Via WebEx)**
Nate Kowalski, Esq. (Via WebEx)**

Visitors and Guests (via Webex):

John Gaugel, Wonderful Orchards*
Glenn Chafin, Watts Farming*

Note: *Departed at the start of Closed Session at 2:10 p.m.
 **Closed Session portion Only

PLEDGE OF ALLIGIANCE

The pledge of allegiance was recited.

RECOGNITION OF VISITORS AND GUESTS

All visitors were recognized and formally introduced.

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

Mr. Muhar stated no changes to the posted Agenda but noted the need to possibly change the order of the Agenda to accommodate consultants, if necessary.

OPPORTUNITY FOR PUBLIC COMMENT (Government Code §54854.3)

There was no public comment(s).

RECOGNITION OF EMPLOYEES' 25 YEAR ANNIVERSARY - MAINTENANCE/BASIN CASEY SMITH

Mr. Nixon recognized Maintenance/Basin employee Casey Smith for his 25-years of service with the District and Mr. Camp presented him a service award (\$800 gift card).

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 7:** Approval of Minutes of Board of Directors' meeting held on July 13, 2021
- CA-2) **Agenda Item 8:** Approval of Treasurer's Report for July 31, and August 31, 2021 and Unaudited Financial Statements for Period Ending July 31, 2021
- CA-3) **Agenda Item 9:** Approval of memberships, contributions, and/or call for funds
 - a) Water Association of Kern County in the amount of \$3,150
- CA-4) **Agenda Item 10:** Resolution No. 21-22, ADOPTING AND PUBLISHING A VERIFIED ANNUAL STATEMENT OF THE FINANCIAL CONDITIONS OF THE ARVIN-EDISON WATER STORAGE DISTRICT
- CA-5) **Agenda Item 11:** Approval of Director & Staff Assignments for Officers, Committees, Authorities, Agencies, Associations and Plans

Director Giumarra motioned, seconded by Director Johnston, and unanimously carried to approve the five (5) Consent Agenda items.

Ayes: Camp, Giumarra, Johnston, Fanucchi, Vickery, Martinez and Yurosek

Nos: None
Abstain: None
Absent: Kirschenmann, Moore

- - - - -

ACTION ITEMS

Resolution No. 21-23, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (July 2021 - Warrant Numbers 43693-43856) (Pool Warrant Numbers 43694-43715)

Mr. Grant stated the July disbursements are approximately \$2.6M, which includes \$477K for Pool No. 2 (\$300/per acre-foot).

Mr. Grant then presented a form of Resolution; whereupon, Director Martinez motioned, seconded by Director Johnston, and unanimously carried to approve Resolution No. 21-23, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (July 2021). A copy of Resolution No. 21-23, is on file in the Resolution book and is hereby made a part of these minutes.

Ayes: Camp, Giumarra, Johnston, Fanucchi, Vickery, Martinez and Yurosek

Nos: None

Abstain: None

Absent: Kirschenmann, Moore

- - - - -

Resolution No. 21-24, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (August 2021 - Warrant Numbers 43883-44010) Pool Warrant Numbers 43857-43882)

Mr. Grant stated there was additional warrants for August disbursements of \$4.5M, which includes a \$2.8M PWRPA power bill, the FKC Middle Reach payment, and \$284K for Pool No. 3 (\$200/per acre-foot).

Mr. Grant then presented a form of Resolution; whereupon, Director Martinez motioned, seconded by Director Johnston, and unanimously carried to approve Resolution No. 21-24, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (August 2021). A copy of Resolution No. 21-24, is on file in the Resolution book and is hereby made a part of these minutes.

Ayes: Camp, Giumarra, Johnston, Fanucchi, Vickery, Martinez and Yurosek

Nos: None

Abstain: None

Absent: Kirschenmann, Moore

- - - - -

CONSIDER APPROVAL OF DISCONTINUATION OF WATER DELIVERIES TO CERTAIN AREAS OF THE DISTRICT FROM MONDAY, NOVEMBER 29, THROUGH SUNDAY, DECEMBER 19, 2021 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 need to 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 Yurosek motioned, seconded by Director Martinez, and unanimously carried to approve the Winter Maintenance schedule and to mail a notification letter to all landowners/water users.

Ayes: Camp, Giumarra, Johnston, Fanucchi, Vickery,
Martinez, and Yurosek
Nos: None
Abstain: None
Absent: Kirschenmann, Moore

- - - - -

Resolution No. 21-25, CHANGE IN SURFACE WATER SERVICE AREA (John and Kristin Moore Family Trust)

Mr. Ceja presented the Change in Surface Water Service Area request involving an equal 37 acres (John and Kirstin Moore Family Trust), which included a resolution, map, and contract APNs. Mr. Ceja further stated the 37 acres of proposed SWSA is currently under a Temporary Water Service Contract (TWSC) and as a part of this request, this portion of the APN would be removed from TWSC and southeast 37 acres of parcel from which the Service Water Service Area contract is proposed to be removed, would become eligible for TWSC. In addition to the change, staff recommended a 3.0 acre-feet usage limitation given the contract moved to a portion of a parcel. There was a brief discussion, and Director Vickery motioned, seconded by Director Martinez, and by the following vote carried to approve Resolution No. 21-25, CHANGE IN SURFACE WATER SERVICE AREA (John and Kristin Moore Family Trust):

Ayes: Camp, Giumarra, Johnston, Fanucchi, Vickery, Martinez
and Yurosek
Nos: None
Abstain: None
Absent: Kirschenmann, Moore

- - - - -

Director Moore joined the meeting via WebEx.

CONSIDER 2022 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 information provided in the Board packet including the draft "Evaluation of Groundwater Conditions and Determination of Groundwater Production Costs in 2021" technical memorandum, which illustrated the average groundwater pumping cost increasing by approximately \$19/acre-foot from \$189 to \$208 per acre-

foot (10.1%), due mainly to higher lift cost and increased energy costs.

Mr. Muhar explained the historical budget and rate setting practices, the increase in groundwater pumping related cost would consequently raise the surface water rates in 2022 by an equivalent of \$19/acre-foot. Mr. Muhar also reviewed 2021 water supplies, groundwater balances, assumption of 120,000 acre-feet deliveries with no restrictions/prorate and no MWD return.

Mr. Simmons answered questions regarding factors that led to the higher-than-normal increase.

Mr. Muhar further stated Mr. Ceja will be reaching out to landowners to verify the assumed PG&E rates. Director Martinez motioned, seconded by Director Yurosek, and approved the Budget Component items by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Johnston, Fanucchi, Vickery, Martinez, and Yurosek

Nos: None

Abstain: None

Absent: Kirschenmann

- - - - -

CONSIDER APPROVAL AND AUTHORIZATION OF THE EXECUTION OF SLATE SOLAR AND ENERGY STORAGE PROJECT RATE AGREEMENTS

Mr. Nixon presented the subject, which included a brief history of the Power and Water Resources Pooling Authority (PWRPA), participating districts in PWRPA, average costs for power, energy portfolio of PWRPA, Renewal Proposal Standard (RPS) (i.e., wind, solar, etc.), Lodi Energy Center, fixed contracts, CAISO, and AE's portfolio demand. Mr. Nixon commented the project is south of the Lemoore Naval Station and provides renewable power as well as being reasonable priced. Mr. Nixon noted that PWRPA entered into a 20-year Power Purchase Agreement with Slate Solar, LLC in 2019 for 26MW generation entitlement share with AE receiving 9MW and also, in 2019 PWRPA members approved a Rate Agreement for the 26MW. Slate Solar then presented PWRPA with the option to include battery storage capacity to the existing Solar Project, for 10MW generation entitlement share with AE receiving 1MW. Staff is recommending the Board approve the Slate Energy Storage Rate Agreement and Slate Solar Project Rate Agreement Amended, and also authorize AE's PWRPA Director to execute the Agreements. There was a brief discussion, and Director Johnston motioned, seconded by Director Martinez with the following vote to approve the Slate Energy Storage Rate Agreement (20-year term) and the Slate Solar Project Rate Agreement Amendment and to authorize AE's PWRPA Director to execute the Agreements (David A. Nixon):

Ayes: Camp, Giumarra, Moore, Johnston, Fanucchi, Vickery, Martinez, and Yurosek

Nos: None

Abstain: None

Absent: Kirschenmann

- - - - -

CONSIDER APPROVAL OF SUNSET GROUNDWATER RECHARGE FACILITY EARTHWORK AND CONSTRUCTION PAYMENT TO KERN DELTA WATER DISTRICT (\$1M)

Mr. Ceja provided an update on the Sunset Groundwater Recharge Project (Project) denoting land purchase and partnership with Kern Delta Water District (KDWD) beginning in the fall of 2018, both AE and KDWD have executed two cost share agreements to continue the development of the project. Mr. Ceja further noted the Engineer's Estimate to complete both the Earthwork/Structures and corresponding Pump Station and Pipeline is approximately \$4.2M (AE's cost share is \$2.1M). Mr. Ceja stated nine (9) bids were received for the Earthwork/Structures portion of the Project with the lowest bidder being Wood Brothers, Inc. In addition, Mr. Ceja noted the need for Construction Management and Inspection services and a contingency for full project participation at this time as the following distribution:

\$1,666,689.67	Contract Bid
169,714.00	Construction Management & Inspection
163,596.33	8% Contingency
<u>\$2,000,000.00</u>	Total Project Cost (\$1M each)

Mr. Ceja stated staff is recommending the Board approve the \$1M payment to Kern Delta Water District for the Earthwork/Structure and Construction Management portion of the Project. There was a brief discussion, and Director Yurosek motioned, seconded by Director Fanucchi with the following vote to wit:

Ayes: Camp, Giumarra, Moore, Johnston, Fanucchi, Vickery, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: Kirschenmann

- - - - -

RESOLUTION NO. 21-26, AUTHORIZING APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION FOR FISCAL YEAR 2022 DROUGHT RESILIENCY PROJECT FUNDING OPPORTUNITY NUMBER R22AS00020

Mr. Muhar stated an opportunity for grant funding has been announced by the USBR for WaterSMART Drought Response Program (Group 1 up to \$500K per project and Group II up to \$2M per project: Drought Resiliency Project (DRP) for Fiscal Year 2022, which grant applications are due on October 4, 2021 and it is anticipated that 15 to 21 projects are expected to be awarded. Mr. Muhar noted that the District is more shovel ready this time and is working with Provost & Pritchard Engineering Group under the on-going task order to complete a grant application. Mr. Muhar mentioned various projects that are eligible to apply for, and stated staff is recommending the Board approve the Resolution authorizing management to execute grant application(s), which commits District to the minimum 50% cost share. Director Vickery motioned, seconded by Director Johnston with the following vote to wit to approve Resolution No. 21-26, AUTHORIZING

APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION FOR FISCAL YEAR 2022 DROUGHT RESILIENCY PROJECT FUNDING OPPORTUNITY NUMBER R22AS00020

Ayes: Camp, Giumarra, Moore, Johnston, Fanucchi, Vickery, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: Kirschenmann

- - - - -

REPORT ITEMS

FRIANT DIVISION AND FRIANT WATER AUTHORITY (FWA)

Friant-Kern Canal Subsidence

Mr. Muhar stated the Agenda Detail Sheet and the FWA report are enclosed in their Board packets, and unless there are questions, the subject matter will be discussed further in closed session.

Friant-Kern Canal Water Quality

Mr. Muhar stated the Agenda Detail Sheet with the FWA report is enclosed in their Board packets, and unless there are questions, the subject matter will be discussed further in closed session.

Miscellaneous

Mr. Muhar stated the Agenda Detail Sheet with the FWA report is enclosed in their Board packets, and unless there are questions there is nothing more to report.

AGENCY/AUTHORITY/COMMITTEE REPORTS

Kern River Watershed Coalition Authority

Mr. Muhar provided an update of KRWCA Special Board meeting workshop from August 5 attended by Director Johnston to discuss forthcoming CVSALTS regulations, which involves both Salts and Nitrates and that the Salt Management portion is being completed through a 10-year Prioritization and Optimization Study with KRWCA members began funding in 2020. Mr. Muhar noted the focus of the workshop was to discuss Kern's response to the Nitrate Management portion.

Mr. Muhar also provided an update on the Board of Directors' meeting from September 2, 2021, which included: 2022 Budget; 2021 On-Farm Drinking Water Wells; new "Kern Water Collaborative" effort dealing with the CVSALTS nitrate management portion and membership is anticipated to include not only irrigated agriculture but also other Waste Discharge Requirement permittees; and KRWCA member fees will increase by \$1.00 to \$4.00 per acre.

Kern Groundwater Authority (KGA)

Mr. Muhar noted the additional information in the Board packets and provided an update on the KGA Board meeting from July attended by Director Yurosek and himself, which included: KGA submitted a comment letter to State Board Resolution Condemning Racism and requesting involvement as a stakeholder; Legal Counsel provided an update on proposed State Board curtailment actions related to drought conditions; 2021 Annual report reconciliation was complete; Native Yield Study comments continue to be submitted with majority of such requesting a separate policy regarding disposition of natural recharge components, which will be discussed in closed session with legal counsel; KGA adopting the "Exceedance" document, which was reviewed and approved by the AEWS Board.

Mr. Muhar noted the Kern County (KC) Planning process regarding General Plan Amendments, which have recently been submitted on two (2) proposed projects located within AEWS, and Kern Managers have been working with KGA Legal Counsel on drafting a template letter to be used in response to this new process (KC request for "water availability" letter due to SGMA). Mr. Muhar stated staff is recommending submitting the template letter to the project owners requesting further information, and noting the future anticipated process including development of an AEWS specific policy on this issue.

There was a long discussion regarding possible policy provisions, and Director Yurosek noted the Data Management System being very informative and stated it will be a great tool for landowners/water users.

Power and Water Resources Pooling Authority

Mr. Muhar reported on the Demand Response Program, which was generated by an Executive Order from Governor Newsom as a result of stresses to the State energy grid from record heat, low reservoirs and resultant lack of hydroelectric power, and wildfire impacts to infrastructure as well as solar generation. Mr. Muhar further stated that PWRPA put a program together to receive significant revenue by reducing energy usage for the District, which its wellfields can provide such reduction assuming adequate in-District storage (shutting down for four to five hours during an event period). The Program runs through October 31, 2021 and staff is recommending the Board of Director ratify 2021 participation and approve future program submittals, of which the Board of Directors agreed.

Kern County Water Agency - Cross Valley Canal (CVC)

Mr. Muhar provided an update on CVC Advisory Committee activities which included the approval a Geotechnical task order related to the design of the Pioneer Turnout Project Facility that benefits all Participants, however Rosedale Rio Bravo WSD, Cawelo Water District, and Lower Tule River/Pixley Irrigation District voting no.

MONTHLY STAFF REPORTS

Report of District Operations

Mr. Muhar stated the Agenda Detail Sheet with the Manager's Report is enclosed in their Board packets, and unless there are questions there is nothing more to report.

Mr. Muhar noted the district officially has an interconnection with Wheeler Ridge-Maricopa WSD at its 850 Canal and the pilot project amounted to merely 20-feet of piping. The project began as a landowner request to convey purchased Friant water but both districts are looking at potential programs.

Water Supply and Prorate Update

Mr. Nixon provided an update to the 2021 Water Supply and Prorate Program, and noted he is working with landowners who have overrun supplies, and receiving calls already for next year's supply. The Board requested staff prepare for a water supply discussion at next month's meeting.

White Wolf Basin GSA

Ms. Dutton provided a presentation on the White Wolf Groundwater Sustainability Agency (GSA), which included an overview and next steps for finalizing the GSP by January 31, 2022.

CORRESPONDENCE

Mr. Muhar noted legislative updates from FWA and Kern County Water Agency.

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 (Five Items); PG&E WDT3 Rate Case, ER20-2878; 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 (Irrigated Lands Program); City of Fresno, et al vs. USA, Court of Federal Claims; The California Natural Resources Agency, et al, vs. Wilbur Ross (Biological Opinions Intervention); Rosedale-Rio Bravo Water Storage District et al. v. Kern County Water Agency et al, (Cross Valley Canal); and Wages & Benefits; and 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 2:10 p.m. Upon returning to open session at 4:30 p.m. Director Johnston motioned, seconded by Director

Martinez, approved for the position of District Engineer salary of \$90K/year and by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Johnston, Fanucchi, Vickery, Martinez, and Yurosek
Nos: None
Abstain: None
Absent: Kirschenmann

- - - - -

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 Johnston motioned, seconded by Director Vickery, by unanimous vote, adjourned the meeting at 4:35 p.m.



David A. Nixon

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