

KINGS COUNTY WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
THURSDAY, MAY 9, 2019

President Taylor called the regular meeting to order at 1:30 p.m.

DIRECTORS PRESENT: Joseph Freitas, Barry McCutcheon, Michael Murray, Ernest Taylor

DIRECTORS ABSENT: Steven P. Dias

OTHERS PRESENT: Dennis Mills, General Manager
Ray Carlson, Attorney
Mike Johnson, Attorney
Mike Cuttone, CPA
Johnny Gailey
Geoff Vanden Heuvel

ESTABLISH QUORUM

It was determined that a quorum was present at the meeting.

CONFLICT OF INTEREST

None.

PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES OF THE REGULAR APRIL 4, 2019 MEETING

President Taylor asked if there was a motion regarding the minutes circulated in this month's Board packets. Director McCutcheon made a motion to approve the April 4, 2019 meeting minutes as submitted. Director Freitas seconded the motion and the Board unanimously approved the meeting minutes of April 4, 2019. The vote for all of the Directors was as follows:

AYES: Joseph Freitas, Barry McCutcheon, Michael Murray, Ernest Taylor

NOES: None

ABSTAINED: None

ABSENT: Steven P. Dias

COMMUNICATIONS

None.

GENERAL MANAGER

FY 2017-2018 AUDIT REPORT

Mr. Mike Cuttone, CPA joined the Board and distributed documents titled "Kings County Water District: Financial Statements and Independent Auditor's Report, For The Year Ended June 30, 2018" to the Board members, Attorney Carlson and Manager Mills. Mr. Cuttone discussed various portions of the financial statement with the Board and answered a few questions. Generally Mr. Cuttone conveyed that the District was in a solid financial position during the period considered. At the end of Mr. Cuttone's presentation, Manager Mills noted that there were a few issues that delayed the development of the FY 2017-2018 audit report and

that he believed those issues could be avoided in the future. Manager Mills suggested that the Board take the next few weeks to look over the presented report and ask questions if they wished. Manager Mills suggested that the formal adoption of the Financial Statements and Auditor's Report could be voted on at the Regular June meeting and the Board agreed. At this point Mr. Cuttone left the meeting.

WATER SUPPLY UPDATE

Manager Mills reported that the Kings River coordinated run period has recently been set as May 1 to September 15 for the 2019 Water Year. The Kings Water Master has said he will be developing a memo on how loss pool supplies will be dealt with soon. Also it was reported that there is an issue with work on Pine Flat's tainer gates. They are in the process of being repainted and work is scheduled to be done by May 15, but storage limited to 800,000 AF at Pine Flat until they are finished.

Flood release will start again Thursday, May 9 at Pine Flat. The Army Corps target is 200 CFS at Crescent Weir for 1-4 weeks. The impetus for the Flood Release seems to be storm that came in late this week. Current releases are up to around 6,100 CFS. Flood Release water will begin to be diverted in the Peoples system around Friday noon. The Last Chance system will begin around Saturday morning.

On the Kaweah & St. Johns Rivers, Terminus Dam is already encroached into flood storage by 16-17 TAF. Flood Release is scheduled to start Monday at 9 am with a release of 2,200 CFS at Terminus. Lakeside has been delivering CVP supplies, but that will stop Monday consistent with Flood Release starting. Lakeside has conveyed that they are trying to hold off their irrigation run until June 1 and are looking for how much water Kings CWD will make available to them.

Related to the Flood Release conditions, the Board discussed the current District rental cost, which was previously set at \$55/AF (\$65/AF for New Deal and Lone Oak). Manager Mills recommended that the Board leave the rental price as previously set. The Directors voiced several opinions on the matter. Director Freitas made a motion to drop the price to free for the next month. However there was not second to this motion. President Taylor made a motion to reduce the price to \$30/AF and review the matter again at the next Board meeting. The motion was seconded by Director McCutcheon and President Taylor called for a vote. The vote for all of the Directors was as follows:

AYES: Joseph Freitas, Barry McCutcheon, Michael Murray, Ernest Taylor

NOES: None

ABSTAINED: None

ABSENT: Steven P. Dias

Peoples DC diversions are already up to 650 CFS. Operations of Peoples system was discussed in relation to running the Apex Groundwater Bank recover pumps. The Board relayed that they were fine with a wait and see approach based on runoff conditions, demand and the weather.

An issue was discussed related to the Peoples renter Gary Funchess. Mr. Funchess signed up to rent this year, but now he has moved to Oregon and left someone else in charge of his operation. They are now requesting water related to Gary's contract. The Board asked a few questions about the arrangement and relayed that it seemed fine for the new party to take over the rental contract as long as appropriate signatures could be obtained.

Last Chance Water DC is planning their water run to be May 1 – September 1. Diversions to the sloughs and basins is beginning again. An issue with a renter, Mike Gingles, came up on the Parlyn Ditch this last month. The Parlyn Ditch is a side ditch that is not maintained by Last Chance, but rather by the landowners. Apparently Mr. Gingles did not address issues on the property he is currently renting and this caused issues for other renters downstream of him. He claimed that someone stole part of the delivery setup (a valve) and wouldn't address a gopher hole that risked a ditch break. The issue remained unresolved until another downstream renter (Frankie Fagundes) repaired Mr. Gingles facility and the bank to get things running again. Manager Mills recommended that the District communicate to Mr. Gingles that impacting downstream renters' ability to receive District rental water could impact his ability to rent from the District. The Board discussed the matter and agreed with Manager Mills recommendation.

APEX GROUNDWATER BANK

Manager Mills reported that, excluding supplies that were recharge this water year, the Bank held 13,885 AF that needed to be recovered by the end of Water Year 2023. He also reported that he thought it was possible that there could be recharge of roughly 7,000 AF this year that would need to be recovered by the end of Water Year 2024. Flood release was recharged at the Bank during March and would begin again as Flood Release was brought into Peoples system on Friday.

RIVERSIDE DITCH

Manager Mills reported that Allied Weed Control had been contracted to spray Riverside since John Scribner's spray license issues had not yet been resolved. He reported on ditch maintenance efforts and relayed that deliveries began May 8, late than on other systems, because of work and repairs that were being done. He reported that he had a discussion with Director McCutcheon about a conversation with Leonard Souza. He reported on a discussion with Brad Johns related to HSR issues. He also reported a discussion with John Warmerdam related to a backflush issue at the 7th Ave culvert.

NEW DITCH TENDER

Manager Mills reported Eddie Miranda began working for the District this last month. He relayed that personalities between the two ditch tenders appear to be meshing at first. Manager Mills had spoken several times with each employee. Manager Mills is also working on getting the new ditch tender a vehicle, but there seems to be an issue with the availability of Chevy single cab work trucks.

NEW BASIN PROPERTY (7TH AVE)

Manager Mills reported on a discussion with Mike O'Rear from DFJV. He is now looking for 450,000 CY of excavated material in the June-July timeframe. Manager Mills relayed that he couldn't tell whether this was a serious request, but he asked Manager Mills to put together the cost of removing the trees and the lost revenue if they had to be pulled early.

Manager Mills also reported on CEQA document development and SMARA permit progress. He reported that Ronnie Bettencourt is interested in the Persimmon Trees on the property. He reported on efforts to improve the property's filter station and also to sign up with the Kings Basin Water Quality Coalition.

LOPEZ BASIN

Manager Mills reported that Mattos Underground worked on the turnout and pipeline to the Basin to accomplish repairs. When Peoples started up the turnout, the meter started and then stopped. The turnout is still operational, but the meter remains frozen. Mattos is coming back to look into it.

SGMA UPDATE

KINGS CWD LETTER TO GSAS ON SUSTAINABLE MANAGEMENT CRITERIA

Manager Mills reported that since he sent out the District's letter to the Mid-Kings River GSA and the Greater Kaweah GSA that he had spoken with a few local partners. Lakeside IWD wanted to look into it a little more, but their first reaction was they agreed with the contents of the letter. City Hanford staff relayed that they agreed with the contents of the letter. The County hasn't formed a view yet. Manager Mills hasn't yet discussed the matter with Armona CSD or Home Garden CSD.

Manager Mills reported when he sent out the letter, he copied the other Tulare Lake GSAs for their awareness. From that CC, he then had recently received a response letter from the El Rico GSA. Generally, the El Rico GSA did not disagree with any of the SMC descriptions communicated in the letter and that seemed to be very positive. However the focus of the letter seemed to focus on a few sentences that they did not agree with related to how well fields south of Kansas Avenue impact the District's groundwater levels. Manager Mills recommended that the District authorize himself and Attorney Carlson to draft a response. The intent of the response would be to answer and make sure they didn't misunderstand a non-response as a tacit agreement. The Board agreed and asked Manager Mills and Attorney Carlson to draft a letter for their future consideration.

GREATER KAWEAH GSA

Related to the Greater Kaweah GSA, Manager Mills reported that he had provided a third set of comments on the draft Basin Setting Chapter of the GSP. One significant topic was that groundwater quality does not have a direct relationship to depth to groundwater in the District's area. Another topic was that the section discussing subsidence only concluded that groundwater pumping leads to subsidence. This conclusion is far too simplistic to be useful and could lead a regulator to restrict groundwater pumping if they want to limit subsidence. At a Greater Kaweah TAC meeting on April 26 Manager Mills relayed that he'd made the same comments three different times on the draft Basin Setting chapter. GEI and Mid-Kaweah Manager relayed that the comments weren't viewed as significant. Manager Mills raised a pretty big stink and told the group that Kings CWD would keep making the same comments because the description of the subbasin isn't consistent with conditions in the Kings CWD area. At another Greater Kaweah TAC meeting on May 6 there was an update on Monitoring Plan and SMC development. GEI described using a projected decline to estimate what is significant and unreasonable. Manager Mills pushed back that without an evaluation of the Base of Fresh Water, this method could lead to really negative results. Others supported that comment. Manager Mills could not get GEI to adequately explain how monitoring and SMCs would work in their proposal. Generally, it appears that the GK GSA will have to do some amount of the work outside of their consultant GEI in order to get the GSP chapters completed.

Kaweah subbasin projects need to be developed and provided to the GK GSA in the next couple weeks. Manager Mills views that there will be several basin projects in the Kings CWD list as well as a conceptual Delta View project. Manager Mills will need to coordinate with

LIWD, CID and perhaps the Delta View WA. Also it was recently reported that the draft for the coordination agreement should be coming out soon for JPA member comment.

Manager Mills discussed a report that he had recently received from the Kaweah Subbasin related to SkyTEM flights and the analysis of aquifer locations. He showed the Board a number of figures from the report during the discussion and outlined six significant items: 1) The SkyTEM flights appear to show clay material along the Sierra Base Complex near the foothills, which calls into question the Mountain Front Recharge that has been assumed in the Kaweah subbasin water balance. 2) The cross-sections close too and parallel to the foothills look very different than the Kaweah Subbasin's current conceptual model in the draft GSP. 3) The groundwater aquifer through the central part of the subbasin is not very deep, maybe 600-700 feet deep and there are clay materials beneath it. 4) The location of the Corcoran Clay was regionally confirmed, but it didn't extend as far north or east as was previously mapped. 5) The report indicates that there is more sand & gravel below the Corcoran Clay in our area than is in the current conceptual model in the draft GSP. 6) There are some indications that the area around Cross Creek (Excelsior alignment) has a significant area of coarse material near the surface and could be an excellent recharge area.

Manager Mills reported on efforts to work with GEI to setup the effort for groundwater modeling projections through the SGMA implementation period. He had spent a lot of time reviewing their proposals and critiquing what seemed off. The issues were very technical, and he spent a couple hours on a conference call with them that appears to have led to some progress. He asked the Board to provide him guidance on whether they wanted him to continue this effort this way or whether he should modify his priorities.

MID-KINGS RIVER GSA

Manager Mills reported that the consultant was working on reimbursement request #3 for the MKR GSA to DWR. The effort currently was to get the request authorized quickly so that it could be paid before the end of the Fiscal Year at the end of June.

Manager Mills relayed what the Tulare Lake GSA parties had recently agreed to related to the GSP's required Public Hearing. They had agreed to try to make a Final Draft GSP available to the public on September 1, 2019 along with a 90 day notice of a Public Hearing on the GSP. The Public Hearing on the draft GSP would then be held on Monday December 2, 2019 at the Kings County administration room adjacent to the Board of Supervisors Chambers.

Lastly Manager Mills conveyed that he had been made aware by Eric Osterling of the Greater Kaweah GSA that the State Board is pursuing an effort through local counties (Kings, Tulare and Kern) in partnership with USGS and Sacramento State to identify well locations in rural areas. Manager Mills is pursuing information on the effort through the County and is concerned that this is being done outside of local GSAs.

CHSRA MEETING

Manager Mills reported that CHSRA employees and a representative of DFJV basically demanded a meeting this month. Manager Mills accommodated their request and they discussed the Batti Basin site and the Riverside Ditch site.

At Batti Basin the group conveyed that they are going to fill in the slough east of the HSR alignment. Unfortunately this will create an issue for Lakeside as they used the connection to Batti Basin as their terminal basin. Not having a terminal basin will be an issue for LIWD. Manager Mills made Lakeside aware of this after the meeting. The plans they have provided to the District show an access road available outside their fenced right-of-way. DFJV wants to

begin working on this area immediately and Manager Mills let them know they would need to protect the area from flooding from the western portion of the basin since it would likely be put back into operation soon.

At Riverside Ditch the group wanted to understand why Manager Mills had not provided comments on the submitted plans. He relayed that he had requested right-of-way information on the drawings several times, and when they hadn't been developed he stopped commenting on the draft plans. Manager Mills relayed that he asked P&P to review the plans for design and constructability issues. He also relayed that the plan was to meet with CHSRA again on May 19 to provide them the comments.

SWSD PROJECT WATER RIGHTS APPLICATION COMMENTS

Manager Mills reported that there was a deadline approaching for comments to the State Water Resources Control Board related to a potential hearing on the Fully Appropriated Stream (FAS) status of the Kings River. The potential hearing is being considered because of the water rights applications on the Kings River. Manager Mills also the Board to authorize him and Griswold LaSalle to develop comments on behalf of Kings CWD and the Mid-Kings River GSA. Director Freitas made that motion and Director Murray seconded it. President Taylor called for a vote and the vote of all Directors was as follows:

AYES: Joseph Freitas, Barry McCutcheon, Michael Murray, Ernest Taylor

NOES: None

ABSTAINED:None

ABSENT: Steven P. Dias

On-going Efforts

None.

EXPENDITURE LIST APPROVAL & FINANCING STATEMENT ACCEPTANCE

Accounting Technician Renee Davis gave the quarterly reports (January, February, and March of 2019) on the District's investments.

On a motion by Director Murray, with a second by Director Freitas, it was unanimously approved by the Board that the expenditure list and financial statement be accepted as submitted. The vote for all of the Directors was as follows:

AYES: Joseph Freitas, Barry McCutcheon, Michael Murray, Ernest Taylor

NOES: None

ABSTAINED:None

ABSENT: Steven P. Dias

TRANSFER OF FUNDS

Manager Mills conveyed that a transfer of \$700,000 from the Union Bank General Account to the District's LAIF Account was needed this month. Director Murray made a motion to approve the transfer and Director Freitas seconded the motion. President Taylor called for a vote and the vote for all of the Directors was as follows:

AYES: Joseph Freitas, Barry McCutcheon, Michael Murray, Ernest Taylor

NOES: None

ABSTAINED:None

ABSENT: Steven P. Dias

BOARD MEMBER DISCUSSION/ANNOUNCEMENTS OR REPORTS

None.

SET NEXT MEETING DATE

The next regular Board of Directors meeting was set for June 6, 2019 at 1:30 p.m.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section § 54956.9(a)

(Case Name: KRAPOA v. KCWD)

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Government Code Section § 54956.9(b)

President Taylor directed that the Board move into Closed Session to discuss a potential property purchase. The Board of Directors, Attorney Carlson, Attorney Johnson and General Manager Mills proceeded into Closed Session.

RECONVENE TO OPEN SESSION

Following the Closed Session, President Taylor reported that there was no reportable action from the discussions in Closed Session.

ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 4:00 p.m.

Respectfully submitted,

Dennis Mills
MIN05.09.19