

KINGS COUNTY WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
THURSDAY, JULY 11, 2019

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

DIRECTORS PRESENT: Steven P. Dias, Joseph Freitas, Barry McCutcheon,
Ernest Taylor

DIRECTORS ABSENT: Michael Murray,

OTHERS PRESENT: Dennis Mills, General Manager
Ray Carlson, Attorney
Johnny Gailey, Delta View WA

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 JUNE 6, SPECIAL JUNE 24, AND
EMERGENCY JUNE 26 MEETINGS**

President Taylor asked if there was a motion regarding the minutes circulated in this month's Board packets. Vice-President Dias made a motion to approve the regular June 6, special June 24 and emergency June 26, 2019 meeting minutes as submitted. Director McCutcheon seconded the motion and the Board unanimously approved the regular June 6, special June 24 and emergency June 26, 2019 meeting minutes. The vote for all of the Directors was as follows:

AYES: Steven P. Dias, Joseph Freitas, Barry McCutcheon, Ernest Taylor

NOES: None

ABSTAINED: None

ABSENT: Michael Murray

COMMUNICATIONS

None.

GENERAL MANAGER

OFFICE AC PROBLEMS

Manager Mills reported that the AC unit servicing the front of the office had recently had problems. The issue seemed to be related to someone tampering with breakers in the back of the office. He reported that a service person had been called and the matter was resolved in about a day.

ESAJIAN BASIN MITIGATED NEGATIVE DECLARATION

Manager Mills reported that Provost & Pritchard, the District's CEQA Consultant, had developed an Initial Study, Environmental Checklist and Draft Mitigated Negative Declaration for the Esajian Basin Project that were currently being circulated for public comment from June 28 through July 29. He noted that notices had published in the Hanford Sentinel, that copies of these documents were available for review at the office and that no comments or inquiries had been received to date. However, Manager Mills explained that any comments received would be evaluated and presented along with the Initial Study, Environmental Checklist and Draft Mitigated Negative Declaration for consideration at the regular August 8 Board meeting.

WATER SUPPLY AND RENTAL AMOUNT UPDATE

Manager Mills reported for Peoples Ditch Company it currently appeared that the water run was currently expected to last until somewhere between September 15 and 30. In the Last Chance Water Ditch Company the water run was currently expected to last until somewhere between September 7 and 15. Manager Mills expressed concern about that ag demand that late in the season likely would be small given corn and almond harvests in August.

Manager Mills reported that consistent with District's policy, there was sufficient Peoples entitlement to make 2,700 AF of rental water available to Lakeside IWD. Manager Mills reported that Lakeside and Boswell had expressed interest in exchanging that Kings River supply for Kaweah River supplies in an exchange that would both protect the different service areas and make the same about of water available in the District's area. However given the concern about potentially running into September, Manager Mills recommended that the Directors consider make a one-time exception and making 4,000 AF available this year. The Board discussed how this might impact this year's run on Peoples and Settlers. Director McCutcheon made a motion to make the 4,000 AF available as long as estimates indicate that the Peoples and Settlers run would last until the last week of August. Vice-President Dias seconded the motion and President Taylor called for a vote. The vote for all of the Directors was as follows:

AYES: Steven P. Dias, Joseph Freitas, Barry McCutcheon, Ernest Taylor

NOES: None

ABSTAINED: None

ABSENT: Michael Murray

JOHN TEIXEIRA RANCH AND PEOPLES STOCK OFFER

Manager Mills reported on events that had taken place recently related to the District's attempt to purchase John Teixeira's Ranch and Peoples Stock package. District staff received the Hoekstra & Associates brochure information from the District's realtor, Robb Stewart, on Tuesday, June 25. The next morning Robb Stewart relayed that there are two offers on the table for the package, but that Hoekstra indicated that Teixeira would wait for the District's offer before responding to either. The District held a special Board meeting that morning on June 26 and approved making an offer, which was made by 3 pm that day. Steve Jackson visits the District office on Friday June 28 at 12 pm and relays that Sandridge Partners is wrapping up the purchase of the Teixeira Ranch and stock. Manager Mills contacts Robb Stewart who then confirms this with Heokstra. A few days later, on July 2, John Vidovich meets with Manager Mills and he has a copy of the District's offer and claims that Robb Stewart sent him the offer for some reason. After the meeting Manager Mills called Robb Stewart and relays what Mr.

Vidovich said. Mr. Stewart said that he didn't think he did what was described, but will double check to make sure. The next day, Mr. Stewart explained that he double checked and made sure he did not send Mr. Vidovich the District's offer. Mr. Stewart explained that he had called Dan Hoekstra, Mr. Teixeira's realtor, and questioned him about the situation. Mr. Hoekstra admitted to accidentally sending the email intended for John Teixeira to John Vidovich. This mistake provided the District's offer to Mr. Vidovich and made it possible for him to ensure he was successful in acquiring the Teixeira Ranch and Stock. Robb Stewart viewed that although the error was terribly unprofessional, there was no available recourse on the matter. Manager Mills discussed the matter with Attorney Carlson, and he agreed that there was no available recourse. The Board discussed the extremely frustrating series of events and what steps might be taken to avoid the District's efforts to acquire ditch stock being circumvented in the future.

JOHN VIDOVICH MEETING

Manager Mills reported that he was contacted by Mr. Vidovich to schedule a meeting that occurred on July 2 at the District office. There was discussion of the Teixeira Ranch and whether the District would be interested in developing basins at that location. Mr. Vidovich relayed that he had access to significant wet year Kings River supplies and was interested in developing facilities where those supplies could be recharged in exchange for some lesser amount of dry year surface water returns. He expressed that the two areas he was interested in pursuing this was in Consolidated ID and Kings CWD. During the discussion he shared that his view was that local GSAs wouldn't allow the transfer of groundwater outside of their areas, so the exchange would have to be through surface water supplies. Mr. Vidovich talked about developing groundwater banking facilities with Laguna ID. He apparently paid for the project development, and they both have rights to use the facility. Mr. Vidovich asked that I relay the opportunity to the Board and consider what partnerships the District might be open to. Manager Mills relayed the report on the meeting and asked that the Board begin to consider if they would be open to an arrangement like was described.

SGMA UPDATE

GREATER KAWEAH GSA

Manager Mills reported on several recent efforts where he had been involved in groundwater modeling discussion and working with parties on subsidence. Outside of that and other normal Board meetings he reported that he had developed several project papers for submittal to the Greater Kaweah GSA on efforts that could be undertaken in the Delta View and Lakeside areas.

MID-KINGS RIVER GSA

Manager Mills reported the GSP Development effort in the Tulare Lake subbasin appears to need a \$250,000-500,000 budget increase in August. The amount of overage will impact the amount of "seed funds" the GSA parties will get back after the GSP is submitted to DWR. This has been a significant topic of discussion amongst the GSA parties.

This month Manager Mills has reviewed the draft GSP Sustainable Management Criteria chapter and provided the consultant comments. Also a draft GSP Projects chapter was circulated and has been commented on. Related to this Manager Mills is developing Project information similar to what has already been submitted in the Kaweah subbasin.

Outside of these efforts three new related items are being discussed. The first is Proposition 218 services for the Mid-Kings River GSA that will develop a revenue stream so that the GSA could function without aid from the current JPA members. Second, the subbasin will

need to approve a new contract for a 2020 annual report to DWR that will be due on April 1, 2020. And third, DWR has come out with a third round of GSP Planning grants through which the subbasin might secure a maximum of \$500,000 toward GSP implementation.

GSA VS JPA FUNDING TIMEFRAMES

Manager Mills reported that the current Mid-Kings River GSA plan would have a Proposition 218 election in February 2020 after the GSP submittal. The earliest assessment would be in the summer, if done by the GSA, or in the fall if done by the County. The earliest groundwater pumping charges would be at the end of 2020. This would leave funding for projects and programs to JPA partners until Jan 2021.

Manager Mills reported that the Greater Kaweah GSA hasn't discussed retaining Proposition 218 services from a consultant yet. However, assuming how things might progress is it possible that funding projects and programs would be remain with JPA partners until at least January 2021.

DISTRICT VS GSA STAFF

Manager Mills reported that the Mid-Kings River GSA is going to need several staff positions to cover regulatory, monitoring and project development efforts. He relayed that this staff could be District employees or GSA employees and if the Board had a preference or thoughts on the matter. He also pointed out the current limited available space in the District office. The Board briefly discussed the matter and relayed that further discussions would be needed to come to determine how to proceed.

ON-GOING EFFORTS

None.

EXPENDITURE LIST APPROVAL & FINANCING STATEMENT ACCEPTANCE

On a motion by Vice-President Dias, 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: Steven P. Dias, Joseph Freitas, Barry McCutcheon, Ernest Taylor

NOES: None

ABSTAINED: None

ABSENT: Michael Murray

TRANSFER OF FUNDS

Manager Mills relayed that \$200,000 transfer approved at the June 26 special meeting was sufficient and that no additional transfers were needed this month.

BOARD MEMBER DISCUSSION/ANNOUNCEMENTS OR REPORTS

None.

SET NEXT MEETING DATE

The next regular Board of Directors meeting was set for August 8, 2019 at 1:30 p.m.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Government Code Section § 54956.9(b)

President Taylor asked if a Closed Session was needed and staff relayed that it was not.

ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 3:45 p.m.

Respectfully submitted,

Dennis Mills
MIN07.11.19