

NOTICE

Notice is hereby given that the Special Meeting of the East Kaweah Groundwater Sustainability Agency will be held on Monday, September 16, 2019 at 3:00 p.m. Exeter Museum (upstairs) located at 125 S. B Street, Exeter, CA 93221.

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Public Participation –Members of the Public may directly address the Board of Directors on any item of interest to the public within the Board’s subject matter jurisdiction before or during the Board’s consideration of the item. Request to keep comments to a maximum of five minutes. (If assistance is required—please contact the office prior to the meeting so that arrangements can be made.)

A person with a qualifying disability under the Americans with Disabilities Act of 1990 may request the Authority provide a disability- related modification or accommodation in order to participate in any public meeting of the Authority. Such assistance includes appropriate alternate formats for the agendas and agenda packets used for any public meetings of the Authority. Requests for such assistance and for agendas and agenda packets shall be made in person, by telephone, facsimile, or written correspondence to the East Kaweah Joint Powers Authority office at least 48 hours before a public Authority meeting.

AGENDA

1. **Roll Call and acknowledgement of visitors**
2. **Approve the Agenda**
3. **Pledge of Allegiance**
4. **Public Comment**
5. **Minutes:** The Board will review and consider adopting the minutes provided by the Secretary from the July 29, 2019 Special Board meeting.
6. **Administration**
 - a. Funding EKGSA efforts (Hagman)
 - b. Fiscal Year 2018 Audited Financial Statements – Audit Presentation (Hagman)
 - c. Board to Consider Setting a Budget Hearing Date for October 28, 2019
7. **Groundwater Sustainability Plan Efforts (Hagman/Klinchuch/Hughes)**
 - a. Notice to Set a Hearing Date and of the Intent to Adopt a Groundwater Sustainability Plan
8. **Closed Session**

CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION: [Government Code Section 54956.9 (d) (2)] - Number of Potential Cases: One
9. **Schedule Next meeting – Regular meeting is October 28, 2019**
10. **Adjournment**

**EAST KAWEAH GROUNDWATER SUSTAINABILITY AGENCY
BOARD OF DIRECTORS**

MINUTES FOR THE SPECIAL MEETING ON JULY 29, 2019

The East Kaweah Groundwater Sustainability Agency (“EKGSA”) Board of Directors duly met for a special meeting on Monday, July 29, 2019, at the Exeter Museum located at 125 S. B Street, Exeter, CA 93221.

OPEN SESSION: Convened at 3:10 p.m.

- 1. DIRECTORS PRESENT:** (Left to right) Roberts, Peltzer, Ferrara, Milanesio, Burkett, George, Watson, Gobler.

DIRECTORS ABSENT: Crocker, Rivera, Buldo.

OTHERS PRESENT: Michael Hagman, Executive Director (Hagman); Joe Hughes, Legal Counsel (Hughes); Matt Klinchuch, Engineer (Klinchuch); Trilby Barton, Provost & Pritchard; and various members of the public.

- 2. APPROVE THE AGENDA:** Motion to approve the agenda was made by Director Gobler, seconded by Director Roberts, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES: None
ABSTAIN: None
ABSENT: Buldo, Crocker, Rivera.

- 3. PLEDGE OF ALLEGIANCE:** The Board and public performed the pledge of allegiance to the American flag.

- 4. PUBLIC COMMENT:** No comments.

- 5. MINUTES:**

Motion to adopt and ratify the minutes of the June 24, 2019 Board meeting as provided by the Secretary was made by Director Ferrara, seconded by Director George, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES: None
ABSTAIN: None
ABSENT: Buldo, Crocker, Rivera.

- 6. ADMINISTRATION:**

- a. EKGSA Future Staffing Model Ad Hoc Recommendation and consider long term options for staffing in conjunction with closed session:

Chairman Milanesio adjourned to closed session pursuant to Government Code section 54957 to evaluate the performance and discuss the future employment of the Executive Director and GSA staff. After 25 minutes, the Board came out of closed session. No action was taken in closed session.

After everyone returned to the room, Hagman shared with the Board the Ad Hoc Committee's staffing recommendation memo as well as his memo (originally provided to the Ad Hoc Committee). The Ad Hoc Committee's staffing recommendation was to continue sharing resources between the EKGSA and Lindmore Irrigation District. It was noted that there were several provisions in the recommendation. Hagman also noted to the Board that the additional services were already placed in the budgets the Board will discuss later in the Board meeting. Motion to adopt the recommendation of the Ad Hoc Committee extending the current agreement with Lindmore ID providing continued executive leadership, administrative services and modifying the recommendation to add engineering and analytics to the agreement was made by Director George, seconded by Director Ferrara, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES: None
ABSTAIN: None
ABSENT: Crocker, Rivera, Buldo.

- b. Funding EKGSA efforts: The Executive Director explained to the Board that there were cost centers that the Board should consider creating and then associating these cost centers with a revenue stream based on their beneficiaries as follows:

Governance: *Recommendation – Collect for this cost center from member agency call for funds.*

The costs related to managing the Board of Directors and associated committees (executive leadership, administrative/secretarial/financial services, legal advice, meeting costs, insurance, audits, and other associated costs). He noted that this budget will be approximately \$211,000 for FY2020. He reminded the Board that they had been collecting money from the member agencies for these costs on a "dues" formula (each agency paying an equal 1/7th of the costs) for fiscal years 2017, 2018 and 2019 and that the Board had previously authorized collecting in this manner for FY2020. Hagman's recommendation was to continue this in perpetuity. Director Gobler asked if this is the last time the Board would be discussing this funding methodology or could they, in the future, add these costs to the Land Based Assessment (LBA) Hagman noted that the Board will get an LBA 5-10-year budget in about three months that he and Klinchuch will be developing. At that time the Board could direct staff to add these costs to the LBA election. His recommendation is to not add them to the LBA now or in the future but to continue collecting them from member agencies. No action was taken by the Board asking staff to apply these costs to the LBA.

SGMA Ongoing Implementation: *Recommendation – To place costs associated with this cost center in the LBA election.*

This cost center is associated with all the ongoing costs necessary to comply with SGMA and to update and maintain the GSP, Basin Setting, and to collect data and fill data gaps. The estimated costs were about \$860,000 annually for this cost center and that this budget reflected Lindmore's proposed compensation for the engineering and analytic services. Hagman also noted that he is not asking the Board to adopt a budget today, but to take action to direct him to place these costs in the LBA budget. He reiterated that at a future meeting the Board would see a budget for the LBA associated costs for approval at that time. Hagman also noted that the City of Lindsay is preparing its community for an LBA election. City staff has stated that they are recommending the City pay for their share of the costs on behalf of its constituents to avoid conflict or confusion that likely would occur if both elections are out at the same time. Hagman noted that this could be done easily by just assigning costs for this activity to the City based on their share of acreage within the EKGSA. Hagman also explained that Lindsay-Strathmore, the City of Lindsay, and Strathmore Public Utility District, already do water quality assessment (which are included as a line item in this recommendation) on their associated wells. Hagman explained that to the extent that their efforts provide benefit to the EKGSA, an agreement could be developed between the agencies which provide a commensurate payment for their reporting. In this way their constituents aren't paying twice for the monitoring effort. After considerable discussion, Director Watson made a motion to approve costs associated with SGMA Ongoing Implementation, as provided, be included in the LBA election effort. This motion seconded by Director Burkett, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES: None
ABSTAIN: None
ABSENT: Buldo, Crocker, Rivera.

SGMA One Time Costs for Implementation: *Recommendation – Collect the needed money for these costs from willing member agencies or other debtors and place the repayment of this debt and associated debt costs in the LBA and repay the debtors from proceeds of the LBA over the next five years.*

Hagman reported to the Board that expenses in this cost center are relatively large amounts and one-time in nature. These costs include installation of monitoring wells/sites and stream gauges, well video logging, and other similar costs necessary for filling data gaps and gathering data necessary to firm up the EKGSA overdraft as well as funding the LBA Election effort. Hagman explained the GSP will state that the GSA will begin collecting data to fill these data gaps with these cost center tools immediately. As such this is a primary action in the GSP and will require immediate funding. Per State law, the EKGSA can assign debt service to the LBA. Therefore, the EKGSA could enter debt obligations with willing member agencies immediately and use the money to immediately implement these activities. Then the LBA could collect sufficient moneys to repay the debt obligations.

After considerable discussion, Director Ferrara made a motion to approve the cost center "SGMA One Time Cost", to borrow the needed money from willing member agencies, to assign this debt service collection to the LBA, and repay the participating agencies from revenues generated by the intended LBA, it was seconded by Director Peltzer, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES: None
ABSTAIN: None
ABSENT: Buldo, Crocker, Rivera.

Projects and Management Actions: *Recommendation – Collect revenues from benefitting individuals/agencies based on a groundwater demand rate.*

Hagman stated that these costs were associated with payments necessary to reduce the EKGSA's share of the overdraft. Hagman explained to the Board that it is the EKGSA's responsibility to do whatever is necessary to eliminate its assigned share of the overdraft condition of the sub-basin. Projects and Management actions will therefore have to either add surface supply water or reduce groundwater demand or some combination of the two.

Hagman explained that the EKGSA is currently "assigned" an overdraft of approximately 28,000 AF by the Water Accounting Framework (an appendix that will be in the Coordinated Agreement). He notes this overdraft value could be higher or lower depending on future data gathering efforts and results of the EKGSA and coordination of that data with the sub-basin partners.

Hagman's recommendation to collect this on a demand rate, associates the user of groundwater with the condition of overdraft. Hagman provided a draft budget figure and suggested collecting this cost center from the individuals/agencies that are causing the overdraft.

Directors asked when adoption of this revenue policy would be necessary. Hagman explained that prior to adoption of this revenue policy, there are several other policy decisions the Board needs to make such as allocation, how to measure demand, what water to place the cost on, etc. Additionally, he explained that today's presentation is provided to let the Board know his recommendation is not to place these costs in the LBA. If the Board chooses to place them in the LBA, this revenue approach will charge everyone for the overdraft even if they are not causing the overdraft. If the Board wants it in the LBA, we need to have that answered today since Hagman and Klinchuch are moving forward with developing the required LBA budget and assessment basis. Those who shared comments in the room, agreed with this concept of charging those who are causing the overdraft. No action was taken to add these costs to the LBA effort and collection of these revenues will be discussed when the EKGSA is prepared to implement projects and management actions.

- c. Proposition 218 – Budget for Prop 218 and which acres to include: *Recommendation – Exclude the City of Lindsay and all parcels in the EKGSA that are equal to or less than 2 acres and to collect \$40,000 immediately from the member agencies as an advance for covering this year's LBA effort which will be repaid as provided above.*

After considerable discussion, the Motion to exclude from the assessment lands those parcels within the City of Lindsay and all parcels equal to or less than two acres in size was made by Director Watson, seconded by Director Roberts, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.

NOES: None
ABSTAIN: None
ABSENT: Buldo, Crocker, Rivera.

Motion to make a call for funds in the amount of \$40,000 from member agencies based on weighted acreage was made by Director George, seconded by Director Peltzer, and carried by the following vote:

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES: None
ABSTAIN: None
ABSENT: Buldo, Crocker, Rivera.

- d. Fiscal Year 2018 Audited Financial Statements – The Executive Director gave a status update.

7. GROUNDWATER SUSTAINABILITY EFFORTS:

- a. Draft Groundwater Sustainability Plan – Consider schedule for release.

A schedule for release of the Groundwater Sustainability Plan was provided by Hagman/Hughes.

After some discussion a motion to adopt the following schedule was made by Director Gobler, seconded by Director Watson, and carried by the following vote:

July 30, 2019 – Release of an administrative draft of the GSP to select agencies and individuals

August 29, 2019 – Close comment period on administrative draft GSP

September 16, 2019 – Board considers approving a “Notice of Intent to Adopt the GSP” and sets a hearing date to consider comments and adoption of the GSP

December 16, 2019 – Hearing to take comments on the draft GSP.

Week of January 13, 2020 – Board to consider adoption of the GSP

AYES: Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.

NOES: None

ABSTAIN: None

ABSENT: Buldo, Crocker, Rivera.

8. ADJOURN TO CLOSED SESSION:

Executive Director referenced the item listed on the Agenda for Closed Session and advised the Board and public that these items would be discussed under Closed Session. Chairman Milanesio adjourned the meeting to closed session at 5:26 PM.

CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION

Potential litigation pursuant to paragraph (2) of subdivision (d) of Government Code § 54956.9 (d) (2): One Case.

Closed Session concluded at 6:10 PM. Following the closed session, Hughes reported that there was no reportable action taken in the Closed Session.

9. SCHEDULE NEXT MEETING:

Chairman Milanesio set a special meeting (as adopted in the GSP schedule) for September 16, 2019.

10. ADJOURNMENT:

Motion to adjourn was made by Director Burkett, seconded by Director Roberts, and carried by the following vote:

AYES:	Burkett, Ferrara, George, Gobler, Milanesio, Peltzer, Roberts, Watson.
NOES:	None
ABSTAIN:	None
ABSENT:	Buldo, Crocker, Rivera.

The meeting was adjourned at 6:12 p.m.