

**North Delta Water Agency**  
**Board of Directors Meeting Minutes**  
14120 Grand Ave, Walnut Grove, CA 95690  
Wednesday, June 3, 2015 - 9:30 a.m.

**Call to Order**

Director Mello called the board of directors meeting to order at precisely 9:30 a.m. on Wednesday, May 6, 2015. A quorum was determined at that time. Those present:

Directors

Steve Mello, Division 1  
Topper van Loben Sels, Division 2  
Jack Kuechler, Division 3  
Ken Ruzich, Division 4

Staff

Melinda Terry, Manager  
Kevin O'Brien, Downey Brand  
Gary Kienlen, MBK Engineers

Others

See attached sign-in sheet.

Absent

Tom Hester, Division 5

**Approval of the Minutes**

No corrections or additions were made to the May 6, 2015 minutes.

**Motion by Steve Mello to approve the May 6, 2015 minutes, seconded by Topper van Loben Sels, and unanimously approved by a voice vote (AYES: Mello, van Loben Sels, Kuechler, Ruzich).**

**Engineers Report**

Gary Kienlen handed out water quality graphs, noting salinity levels are still within Contract criteria, but daily fluctuations can swing significantly as evidenced by recent Three Mile Slough graph. He reported that construction of the West False River barrier was completed last week, but was not sure how it would impact water quality.

Reviewing the new Temporary Urgency Change Petition submitted to cover SWP and CVP operations through November, he said the most relevant change to NDWA was reduced Delta outflow and moving D-1641 salinity compliance point from Emmaton to Three Mile Slough through August 15<sup>th</sup>.

**Legal Report**

Kevin O'Brien said there has been no progress in developing an agreement with DWR establishing a claims process, but he will schedule a meeting with the department to request the drought agreement with NDWA be prioritized by DWR.

**Delta Watermaster Report**

Michael George explained the purpose and status of the satellite consumptive use data collection project he is leading, requesting the NDWA consider becoming a cooperating participant by purchasing one of the new CIMIS weather stations to be located in the North Delta. Asked about proposed budget trailer bill language requiring all diversions to install continually recording

water use measuring devices, the Watermaster replied that the satellite consumptive use project may not prevent the Legislature from requiring individual diversions to be equipped with expensive real-time measuring devices. In response to a question about when the new CIMIS equipment would be installed, he stated that the weather stations had already been purchased and delivered.

Melinda Terry briefed the board on meeting the NDWA staff had with the Watermaster on this issue, and Kevin O'Brien informed them the purchase of a CIMIS station is within the board's discretion and legal authority.

**Motion by Steve Mello to approve \$7,500 in funding for the purchase of a CIMIS weather station, seconded by Jack Kuechler, and unanimously approved by a voice vote (AYES: Mello, van Loben Sels, Kuechler, Ruzich).**

Announcing pre-1914 curtailment orders were likely to be issued in the next week or so and riparian rights later in the summer, the Delta Watermaster explained the voluntary 25% conservation program for riparian water rights holders in South and Central Delta intended to avoid the risk of more severe curtailments, enforcement, and litigation, which was approved by the State Water Resources Control Board on May 22<sup>nd</sup>.

Michael George committed to speaking with SWRCB Division of Water Rights enforcement staff to ensure they understand alternative water supplies from the SWP are available to water users in the NDWA due to the 1981 contract, negating the need to investigate curtailment compliance within the Agency's boundaries. After Chairman Mello described some of the voluntary water conservation measures many farmers in North Delta have implemented in recognition of drought conditions, the Watermaster encouraged the Agency to inform the SWRCB about many of the water use reduction activities.

### **Financial Report**

Announcing Colleen Flannery's departure to work for the State effective on June 1, 2015, Melinda Terry presented the financial statements, noting they only reflect fiscal transactions through June 3, 2015. She informed the board that Rick Johnston with Perry, Bunch & Johnston accounting firm came into the office twice to review the Agency's computer fiscal records. He did not find any major concerns, but did make several changes and provide a list of follow-up items that required correction in terms of which categories revenues and expenses were coded, the need to verify county assessment amounts, and update reimbursement payments between the Agency and the CA Central Valley Flood Control Association. Melinda reported that the financial statements completed by Colleen before her departure did not appear to reflect all of the corrections recommended, but Margaret Sorensen has agreed to work as a consultant on an as-needed basis to complete data inputs necessary to reconcile the financial statements for the end of the year. Melinda proceeded to review each statement in detail, identifying specific items that require Margaret's attention.

**Motion by Steve Mello to accept the financial statements as presented, with the intent that staff will provide new statements at the next board meeting reflecting entire 2015-16 fiscal year and any modifications recommended by Margaret and**

**Rick Johnston. Motion was seconded by Ken Ruzich and unanimously approved by a voice vote (AYES: Mello, van Loben Sels, Kuechler, Ruzich).**

Melinda informed the Board of memo by legal counsel advising on options for responding to partial payment of NDWA assessments received from State Lands Commission (SLC) with expectation that the Agency be responsible for directly billing and collecting from SLC leased properties. Kevin O'Brien expressed his concern over the Agency assuming responsibility for collecting payments from SLC lessees, but if NDWA did decide to direct bill SLC lessees then the Agency should first secure a written agreement with SLC memorializing the fact that SLC remains obligated to pay the assessments in the event a SLC lessee refuses to pay. Per his recommendation, the Agency Manager will schedule a meeting with SLC to discuss the options before recommending a final decision to the Board.

### **Approval of Budget**

Steve Mello reviewed his estimate of projected Contract payment increases through 2061 and questioned the need to anticipate and prepare for these future payment amounts by building a larger reserve now. Directors discussed maintaining reserves of at least one million dollars, the value of the contract that landowners can see during the drought, and how a maximum rate increase is built-in to anticipate escalation in contract payment every five years. The directors modified the proposed budget to increase the Consulting item and office supplies, bringing the projected annual expenses to \$927,864. The Board directed legal counsel to initiate preliminary discussions with DWR about negotiating annually payment for another forty years, 2020-2060.

**Motion by Steve Mello to approve the FY 2015-16 NDWA budget as modified by the Board, seconded by Ken Ruzich, and unanimously approved by a voice vote (AYES: Mello, van Loben Sels, Ruzich, Kuechler).**

### **Adoption of 2015-16 Assessment Rate**

Upon the motion to keep the assessment rates at the same amount, there were no questions from the Board, but a member of the public expressed appreciation for the work by the NDWA and a willingness to pay higher assessments if necessary to assure continued enforcement of the Contract.

**Motion by Ken Ruzich to approve resolution adopting assessment rates for FY 2015-16 that maintain the current FY 2014-15 rates, seconded by Topper van Loben Sels, and approved by a roll call vote with Ruzich, Mello, Kuechler, and van Loben Sels voting AYE.**

**Motion by Steve Mello to approve the Yolo County resolution governing the collection of NDWA assessments by the county, seconded by Jack Kuechler, and approved by a roll call vote with Mello, Kuechler, van Loben Sels, and Ruzich voting AYE.**

### **Division 4 Vacancy**

Ken Ruzich advised the Board of his decision to retire from the NDWA effective June 10, 2015. The Board discussed the need to update the Agency's bank signature card by removing Ken

Ruzich and other former board members from the Bank of Rio Vista account and adding the current Board of Directors as signatories for the NDWA account.

**Motion by Jack Kuechler to remove Ken Ruzich, Neil Hamilton, and Henry N. Kuechler III as signatories on the NDWA accounts at the Bank of Rio Vista and to approve resolution authorizing and adding current Board of Directors Steve Mello, Carel (Topper) van Loben Sels, Tom Hester, and Henry (Jack) N. Kuechler IV as signatories on NDWA's accounts at the Bank of Rio Vista. Motion was seconded by Steve Mello and unanimously approved by a roll call vote with Mello, van Loben Sels, Ruzich, and Kuechler voting AYE.**

**Motion by Steve Mello to appoint Directors Mello and Van Loben Sels to serve on the candidate interview ad hoc committee and directing Agency staff to prepare, post and send the required public notices for the Division 4 Director vacancy once resignation of Ken Ruzich is effective. Motion was seconded by Jack Kuechler and unanimously approved by a voice vote (AYES: Mello, van Loben Sels, Ruzich, Kuechler).**

#### **Public Comment**

Gary Kienlen asked if the Agency is still planning on scheduling a training session for the new Directors to provide information on the history of NDWA and the Contract. Steve Mello directed staff to schedule the training as a public meeting so all directors and interested members of the public could attend.

#### **Adjournment**

Meeting adjourned at 12:45 p.m.

Minutes submitted by Melinda Terry, Manager.