

MINUTES of the Regular Meeting of the Board of Directors of Dudley Ridge Water District held on September 9, 2020 at 1:00 p.m. at the office of the District, 286 W. Cromwell Ave., Fresno, California.

DIRECTORS PRESENT: Kimberly Brown, President (via teleconference)
 Steve Jackson, Secretary (via teleconference)
 Bernard Puget (via teleconference)

DIRECTORS ABSENT: Larry Ritchie
 John Vidovich

OTHERS PRESENT: Dale Melville, Manager-Engineer (via teleconference)
 Rick Besecker, Assessor-Collector-Treasurer (via teleconference)
 Larry Bross, Utica JLJ (via teleconference)
 Kellie Welch, Irvine Ranch WD (via teleconference)

President Brown called the Board meeting to order at 1:00 p.m.

MINUTES

Director Jackson made a motion to approve the minutes of the August 12, 2020 Regular Board Meeting. The motion was seconded by Director Puget; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

FINANCIAL REPORTS

Mr. Besecker presented to the Board financial reports prepared for the current period ending September 9, 2020. The reports showed the following cash balances in each of the respective accounts after bills proposed for payment on September 9, 2020.

BANK ACCOUNTS		
General (Checking) Fund (Bank of America)	\$	4,037.60
Operating (Checking) Fund (Bank of America)		9,117.20
Investment Fund (LAIF Account)		32,999.75
Investment Fund (CalTrust Short Term Account)		1,566,446.38
Investment Fund (CalTrust Medium Term Account)		<u>155,686.70</u>
TOTAL BANK ACCOUNTS		\$ 1,768,287.63

The reports also included the cash receipts journal, the aged receivables report, the 2020 budget comparison report for the period from August 13, 2020 to September 9, 2020. Director Puget made a motion to accept the Treasurer's Report. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be approved for payment by the District for the period from August 13, 2020 to September 9, 2020 as shown below.

Payee	Amount
Klein Denatale Goldner LLP	\$ 3,909.00
Department of Water Resources	266,670.00
Browns Valley ID	1,059,000.00
Ernst & Young LLP	4,369.00
Pacific Gas & Electric	576.04
Provost & Pritchard Consulting Group	22,816.70
Total	<u>\$ 1,357,340.74</u>

Director Puget made a motion to approve the schedule of warrants for payment. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

WATER SUPPLY REPORTS

The Manager reviewed the current water report with the Board, noting that there were certain water supplies that could not be carried over and needed to be delivered prior to the end of the year.

Regarding the San Gabriel Valley MWD, the Manager reported on the request for an amendment to the 2020 Water Banking Agreement to include non-project water, should San Gabriel have opportunities to secure non-project water. Director Puget motioned to execute Amendment No. 1 to the August 10, 2020 "2020 Water Banking Agreement" Between Dudley Ridge Water District and San Gabriel Valley Municipal Water District, attached to and made part of these minutes. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

Regarding water supply programs in collaboration with the Westside Districts ("WS5"), the Manager reported the following:

- Butte County is still pushing for DWR decision on allocations in conference years (<= 20%), which could add 1,200 AF to the WS5 supply.
- Merced ID carriage losses of 41% were applied to the transfer; a meeting has been set up for later in the week to discuss with DWR, Merced and the buyers.
- Orange Cove ID transfer of <500 AF has been requested for delivery in September/October while we test the process with the local area and DWR on the ability to move pre-1914 water from north of the Delta to DRWD.

Regarding the Dry Year Transfer Program, Mr. Besecker reported that the program lost one-third of its potential supply, mainly due to sellers' inability to produce their offered supplies.

Regarding the Yuba Accord water to be made available for transfer in October/November, the Manager noted that DRWD landowners declined the risky supply.

Regarding water supply programs in participation with the South Valley Water Resources Authority ("SVWRA"), the Manager reported that the CEQA document was drafted and is being sent to Patterson ID for review, then to Reclamation to use for the NEPA document. He also noted that the transfer may incorporate a small exchange between a SVWRA participating district(s) and a common landowner in Pleasant Valley WD.

STATE WATER PROJECT ISSUES

The Manager provided updates on the following current SWP issues.

- Regarding the Delta Conveyance Project ("DCP") the SWP contractors have been attempting to determine each contractor's participation level to complete the table in the Agreement in Principle ("AIP"). The non-MWDSC, non-KCWA contractors need to participate in 29% of the DCP costs and benefits. DRWD's level would be either 1.02% or 1.13%, depending on future board decisions. Gap funding of \$386

million over 4 years is needed to begin in January 2021 to maintain DCP cash flow. A final decision on participation for the AIP participation table (participation level) and the \$386M gap funding is needed from each contractor by November. Funding and individual contractor support for the AIP remains pending several issues, including:

- Updated modeling to reflect the new the BiOps, ITP, and similar;
 - Updated capital and operating costs for the DCP; and
 - MWDCS and KCWA negotiating a transfer program between them.
- Regarding the SWP Contract Extension Amendment, little progress has been made. DWR has indicated they will not sign the amendment until after the trial court decision on DWR's validation effort (decision 1-2 years away) and negotiating Article 13(b) to clarify liability for issues such as the \$50 billion lawsuit against DWR from Butte County.
 - Regarding the Water Management Amendment, the Manager reported that Contract Amendment 28 was issued by DWR. Director Puget motioned to authorize the President to execute the amendment, subject to review by the president and legal Counsel. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

OTHER DISTRICT ISSUES

Regarding the Westside Water Authority, the Manager reported that Mark Gilkey was selected as the new Executive Director and that DRWD staff is working with the WWA on the DRWD transition that will likely occur throughout 2021.

Director Jackson recused himself from the next discussion, but was re-seated due to a lack of a quorum. Tabled last month, the Manager reviewed the status of a request from Utica JLJ to allow a portion of their Table A allocation to be delivered to Kings County (on behalf of Kettleman City CSD); in return, KCCSD would provide treated water to meet the potable water needs of the Utica development at the southwest corner of Utica and I-5. The original request was to deliver up to 150 AF of Utica's DRWD water to KCCSD's turnout; the current request is to allow a permanent transfer of 150 AF of Utica's Table A water to Kings County (on behalf of Kettleman City CSD); however, a recent option has been presented to Utica by a DRWD landowner to provide 150 AF of that landowner's Table A in Kings County for use by KCCSD in exchange for Utica transferring 150 AF of DRWD Table A to said landowner in DRWD, thus expediting the process and avoiding approval from DWR and several other steps and time that a permanent transfer would incur. Utica indicated that they would re-evaluate their options and get back to the District on their course of action, but as a backstop, requested that the Board authorize staff to proceed with their permanent transfer request.

Director Puget made a motion to authorize staff to initiate permanent transfer proceedings. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

EXECTUVE (CLOSED) SESSION

At 2:03 p.m. President Brown announced that the Board would convene in the scheduled closed session to confer with Legal Counsel regarding litigation (Govt. Code, § 54956.9(d)(4)) regarding the State Water Contractors and Kern County Water Agency v. State of California Department of Fish and Wildlife and State of California Department of Water Resources and litigation regarding the State Water Contractors v. State of California Department of Water Resources . She noted that it was likely that an action by the Board was anticipated to come out of closed session. At this time, Ms. Welch and Mr. Bross left the meeting.

RETURN TO OPEN SESSION

At 2:05 p.m., President Brown closed the Executive Session. Upon returning to the open session, President Brown reported that there were no reportable actions from the closed session.

DATE, TIME, AND LOCATION OF NEXT BOARD MEETING

The Manager noted that the next Board meeting was to be determined based on pending actions, but a meeting no later than November would be needed to address the various decisions associated with the DCP.

ADJOURNMENT

There being no further business to come before the Board, at 2:09 p.m. President Brown adjourned the meeting.



Steven D. Jackson, Secretary

APPROVED:



Kimberly M. Brown, President

**AMENDMENT NO. 1 TO THE AUGUST 10, 2020
“2020 WATER BANKING AGREEMENT” BETWEEN
DUDLEY RIDGE WATER DISTRICT AND
SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT**

This Amendment No. 1 reflects a clarification to the first sentence of Section 7(d) of the “2020 Water Banking Agreement” (“Agreement”) between Dudley Ridge Water District (“Dudley Ridge”) and San Gabriel Valley Municipal Water District (“San Gabriel”). The first sentence is hereby replaced with the following two sentences:

“For SWP water, San Gabriel shall pay the fixed and variable SWP costs for all water delivered to storage with Dudley Ridge. For any non-SWP water (non-project water) acquired by San Gabriel, San Gabriel shall pay all conveyance costs for all water delivered to storage with Dudley Ridge.”

IN WITNESS WHEREOF, effective September 9, 2020, the Parties hereto have entered into this Amendment No. 1 to the 2020 Water Banking Agreement.

DUDLEY RIDGE WATER DISTRICT

By: _____
Kimberly M. Brown, President

ATTEST BY: _____
District Secretary

APPROVED AS TO FORM BY: _____
District Counsel

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: _____
Thomas Wong, President

ATTEST BY: _____
District Secretary

APPROVED AS TO FORM BY: _____
District Counsel

TERM SHEET FOR MULTI-YEAR WATER TRANSFER PROGRAM BETWEEN MOJAVE WATER AGENCY AND THE WESTSIDE DISTRICTS¹

1. **Background:**

Mojave Water Agency (“Mojave”) and the Westside Districts (“Westside”) each have water supply contracts, directly or indirectly, with the California Department of Water Resources (“DWR”) for water from the State Water Project (“SWP”). Both Mojave and Westside desire to increase their flexibility for the use of their respective SWP Table ‘A’ (“Table A”) amounts. Mojave has a groundwater supply with the potential of meeting Mojave’s water demands for multiple years; however, in certain years Mojave receives a Table A allocation above its immediate needs and Mojave could better benefit from a water transfer that delivers a portion of its Table A water (“Transfer Water”) to others to provide an offset of a portion of its fixed costs for SWP Table A water. Westside is highly reliant on the SWP to provide water for its existing agricultural water demands. The five Westside Districts have each developed a portfolio of water transfer, exchange, and banking programs, but with the decreasing delivery capacity of the SWP, in almost every year the Westside needs additional water supplies to maintain landowner investments in existing irrigated acreage that was developed when the SWP delivered a larger and more reliable water supply.

The DWR and the SWP contractors are in the process of executing an amendment to the SWP Water Supply Contracts, which among other water management tools, allows SWP contractors to engage in multi-year water transfers.

Accordingly, Mojave and Westside propose to initiate a long-term Water Transfer Program (“Program”) for their mutual benefit and better water management of their SWP and other supplies.

2. **Determination of Transfer Water:**

- a. Term: Term of the Program shall be from the date all approvals have been obtained (assumed early 2020) through December 31, 2035.
- b. Quantity of Transfer Water: Mojave shall annually, by February 15 of each year, evaluate the quantity of water available for the Program and

¹ The Westside Districts are comprised of Dudley Ridge Water District and four Member Units of the Kern County Water Agency (Belridge WSD, Berrinda Mesa WD, Lost Hills WD, and Wheeler Ridge-Maricopa WSD)

provide Westside the estimated quantity of Transfer Water available for the calendar year. On or before June 1, Mojave shall provide Westside updated Transfer Water quantities for the year. The minimum quantity of Transfer Water made available to Westside through December 31, 2025 shall be based on the May 1 SWP delivery allocation, as shown in the table below. Prior to December 31, 2025, Mojave may revise the Minimum Quantity for the remainder of the Program and Westside shall have the option to either accept the revised Minimum Quantities or terminate the Program.

<u>SWP Allocation</u>	<u>Minimum Quantity (acre-feet)</u>
60% to 100%	25,000
55%	30,000
45% to 50%	25,000
40%	20,000
35%	15,000

For any Transfer Water made available beyond the above minimum quantities, Mojave shall have complete discretion on what, if any, additional Transfer Water is made available under the Program. An existing agreement with the Metropolitan Water District of Southern California (“MWDSC”) shall have first priority over the minimum amounts above. The current obligation of water owed to MWDSC as of the end of 2019 is 18,812 acre-feet.

- c. Westside Obligation for Transfer Water: Westside shall be obligated to pay for the Minimum Quantity of Transfer Water made available by Mojave each year, whether or not Westside takes delivery of the Transfer Water. Transfer water not delivered will not be carried over for delivery from Mojave into another year.
- d. Confirmation and Scheduling of Transfer Water: Within 10 days after receipt of Mojave’s updated quantity of Transfer Water, it is the intent that Mojave and Westside finalize the quantity of Transfer Water and Mojave, in coordination with Dudley Ridge Water District (“Dudley”) and Kern County Water Agency (“KCWA”), shall notify DWR of the transfer and preliminary delivery schedule.
- e. Westside Allocation: Westside shall decide annually how the Transfer Water shall be prorated between them, but typically 14.34% would be allocated to Dudley and 85.66% to the four aforementioned KCWA Member Units.

3. Conveyance to Westside:

- a. Point of Delivery: Banks (Reach 1 of the California Aqueduct).
- b. Delivery Schedules: Mojave, in coordination with Westside, shall submit monthly water delivery schedules to DWR for delivery of the Transfer Water to Westside.

4. Payments:

- a. Westside shall be responsible for the DWR Variable charges for conveying the water from the Point of Delivery to Westside's service areas in Kings County (Dudley) and Kern County (KCWA).
- b. Within 45 days of finalizing the quantity of Transfer Water each year (refer to paragraph 2.d), Westside shall pay Mojave for all Transfer Water for 2021 in accordance with the following:

<u>SWP Allocation</u>	<u>Rate (/acre-foot)</u>
76% to 100%	\$150
56% to 75%	\$325
31% to 55%	\$550

The above Rate shall be negotiated every five (5) years, beginning in 2025; however, beginning in 2022 and continuing through 2025, the Rate shall increase annually by five percent (5%). The Rate for Transfer Water made available below a 31% SWP allocation shall be negotiated, if and when Mojave offers Transfer Water in such years.

5. Approvals:

- a. Mojave and Westside shall cooperate with each other in processing and obtaining DWR approvals associated with the Program.
- b. Mojave and Westside shall cooperate with each other and DWR in determining and completing any environmental reviews associated with the Program. To the extent required, Mojave and Westside shall share equally the costs for a consultant, if needed, to prepare environmental documents for the Program; Mojave shall act as Lead Agency.
- c. Mojave and Westside shall each be responsible for their own review and processing required agreements, environmental documents, and other transaction costs.

6. Other Conditions:

- a. To the extent a third party initiates a claim to challenge the Program or any aspect of the transaction, Mojave and Westside shall share equally in

the costs associated with defending the claim, unless either party decides not to defend the claim.

- b. This Term Sheet is not intended to be binding on either Mojave or Westside. Neither party shall be bound until the SWP water management amendment is in effect, the required environmental review has been completed, and mutually acceptable documents have been developed and executed.
- c. The respective obligations of each party shall be suspended while it is prevented from complying by acts of God, war, riots, civil insurrection, acts of civil or military authority, fires, floods, earthquakes, labor accidents or incidents, rules and regulations of any governmental agency (other than the Parties themselves), or other cause of the same or other character any of which are beyond the reasonable control of either party (collectively, "Force Majeure"). In the event of a suspension due to the Force Majeure, the party whose obligations are suspended shall promptly notify the other party in writing of such suspension and the cause and estimated duration of such suspension.

Terms acknowledged and agreed to by:

Mojave Water Agency:

Dudley Ridge Water District:

Kathryn A. Corner, General Manager

Mark A. Gilkey, General Manager

Lost Hills Water District:

Phillip D. Nixon, General Manager

Berrenda Mesa Water District:

Phillip D. Nixon, General Manager

Belridge Water Storage District:

Phillip D. Nixon, General Manager

**Wheeler Ridge - Maricopa Water
Storage District:**

Sheridan Nicholas, Engineer-Manager

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