

MINUTES of the Regular Meeting of the Board of Directors of Dudley Ridge Water District held on November 11, 2020 at 1:00 p.m. at the office of the District, 286 W. Cromwell Ave., Fresno, California. Due to safety concerns related to Covid-19, all attendees participated via teleconference.

DIRECTORS PRESENT: Kimberly Brown, President
 Steve Jackson, Secretary
 Bernard Puget
 John Vidovich

DIRECTORS ABSENT: Larry Ritchie

OTHERS PRESENT: Mark Gilkey, General Manager
 Dale Melville, Asst. Manager-Engineer
 Rick Besecker, Assessor-Collector-Treasurer
 Joe Hughes, Legal Counsel
 Kris Lawrence, Westside WA
 Mary King, Westside WA
 Kellie Welch, Irvine Ranch WD
 Fiona Sanchez, Irvine Ranch WD
 Sierra Layton, Fiona Hutton & Assoc (on behalf of the State Water Contractors)

President Brown called the Board meeting to order at 1:04 p.m.

MINUTES

Director Jackson made a motion to approve the minutes of the October 28, 2020 Special Board Meeting. The motion was seconded by Director Puget; 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	Aye	Aye

FINANCIAL REPORTS

Mr. Besecker presented to the Board financial reports prepared for the current period ending November 11, 2020. The reports showed the following cash balances in each of the respective accounts after bills proposed for payment on November 11, 2020.

BANK ACCOUNTS		
General (Checking) Fund (Bank of America)		\$ 3,159.29
Operating (Checking) Fund (Bank of America)		9,062.20
Investment Fund (LAIF Account)		192,979.09
Investment Fund (CalTrust Short Term Account)		2,696,583.53
Investment Fund (CalTrust Medium Term Account)		<u>155,652.22</u>
	TOTAL BANK ACCOUNTS	\$ 3,057,436.33

The reports also included the cash receipts journal, the aged receivables report, and the 2020 budget comparison report for the period from September 10, 2020 to November 11, 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	Aye	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be ratified as paid by the District for the period from September 10, 2020 to November 11, 2020, 2020 as shown below.

Payee	Amount
ACWA/JPIA	\$ 2,183.00
Department of Water Resources	435,172.00
Ernst & Young LLP	2,912.00
Klein Denatale Goldner LLP	2,703.00
Provost & Pritchard Consulting Group	25,361.20
Pacific Gas & Electric	593.31
Total	<u>\$ 468,924.51</u>

Director Vidovich made a motion to approve the schedule of warrants for payment. The motion was seconded by Director Jackson; 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	Aye	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be approved for payment by the District for the period from September 10, 2020 to November 11, 2020, 2020 as shown below.

Payee	Amount
Department of Water Resources	\$ 301,350.00
Ernst & Young LLP	5,824.00
Klein Denatale Goldner LLP	1,900.00
Pacific Gas & Electric	669.36
Provost & Pritchard Consulting Group	25,845.56
Wonderful Orchards	7,000.00
Total	<u>\$ 342,588.92</u>

Director Vidovich 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	Aye	Aye

Finally, the Assistant Manager-Engineer reported on the proposed budget for 2021, noting that:

- SWP fixed costs are \$92k higher than the 2020 budget;
- Standby charges are \$36k higher than the 2020 budget;
- Water toll charges are \$182k lower than the 2020 budget; and
- Total charges are \$54k lower than the 2020 budget.

After a short discussion, Director Vidovich made a motion to adopt the 2021 budget (attached to and made part of these minutes). The motion was seconded by Director Jackson; after discussion, the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted unanimously as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Aye	Aye

2021 BENEFIT ASSESSMENT

The Manager then notified the Board that the assessment roll for the year 2021 was being prepared and requested that the Board set a hearing on benefit assessments for the February Board meeting; such hearing would allow landowners the opportunity to review and consider any objections to the District's valuation of their land. Director Vidovich made a motion to set said public hearing for 1:15 p.m. on February 10, 2021 at the District office. The motion was seconded by Director Puget and the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Aye	Aye

WATER SUPPLY REPORTS

The Assistant Manager-Engineer 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 or transferred to the end of the year.

Regarding the Water Banking Program with San Gabriel Valley MWD, the Assistant Manager-Engineer reported that DWR was withholding their review and approval until after the Water Management Amendment was in effect.

Regarding the existing transfer and exchange programs with Kern County Water Agency (“KCWA”), the Assistant Manager-Engineer reported that the two DWR approvals would be expiring at year end and that he would be requesting that DWR extend the agreements through 2035; the agreement between KCWA and the District terminates in 2035 and any extensions of KCWA and the District’s contracts with DWR.

Regarding the Westside districts, the Assistant Manager-Engineer reported that the Mojave WA asked for a minor revision to the term sheet that was supported by the managers of the Westside districts. After reviewing the revision to allow Mojave WA to also adjust the minimum quantities in 2030, Director Vidovich motioned to accept the revision. 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	Aye	Aye

Next, the Assistant Manager-Engineer reported that the Westside districts and the San Geronio Pass WA had submitted an expression of interest for a multi-year transfer of Montecito WD’s Table A water.

Regarding the Dry Year Transfer Program, Mr. Besecker reported that the program netted 1,275 AF after 35% Delta carriage losses.

Regarding the Yuba Accord water, Mr. Besecker reported that the program netted 939 AF after 35% Delta carriage losses.

Regarding the Kern Fan Groundwater Storage Project, Fiona Sanchez and Kellie Welch from Irvine Ranch WD gave a presentation to the Board providing an update and discussed how the District could benefit from the project. The Assistant Manger-Engineer noted that he had reviewed the Draft EIR for the Kern Fan Groundwater Storage Project and would be submitting comments on behalf of the District.

DIRECTOR REPORTS

President Brown reported that the Kern Water Bank Authority recently hired John Ocana as the Assistant General Manager.

STATE WATER PROJECT ISSUES

Delta Conveyance Project

The Assistant Manager-Engineer reviewed several documents that were provided in the Board package related to the Delta Conveyance Project (“DCP”), including (1) a November 4, 2020 memorandum to the Board, the District’s June 11, 2020 letter to the DWR Director, (2) the Agreement in Principle (“AIP”) for the DCP, (3) a draft funding agreement for the DCP, (4) an amended formation agreement for the Delta Conveyance Design and Construction Joint Powers Authority, and (5) a draft resolution authorizing specific actions on items 2, 3 and 4.

Mr. Melville provided a summary of the actions being requested by DWR, along with a rough estimate of the incremental cost of DCP water (about \$1,700/AF). Regarding the participation level for the AIP and funding agreement, Director Vidovich noted that the District’s participation should include the 4,497 AF of Sandridge Partners Table A amount proposed to be permanently transferred from Tulare Lake Basin WSD (“TLBWSD”) to the District. Additionally, he commented that the District should not be bound to making up

any payments in 2023 that were deferred in either 2021 or 2022, should 2023 be a dry year and the District's payment exceed the District's proposed \$50/AF.

Following a discussion, Director Vidovich motioned for staff to revise the documents as necessary to (1) increase the AIP percentage level to include the TLBWSD transfer, subject to Sandridge Partners executing an agreement with the District to be fully responsible for all DCP costs associated with the 4,497 AF Table A transferred from TLBWSD, (2) revise the draft funding agreement and resolution to include the TLBWSD transfer within the District's participation level and clarify that the any deferred payments in 2021 and 2022 would be paid beginning in 2023, but not to exceed the cap of \$50/AF on table A water delivered in any given year, (3) approve the amended Delta Conveyance Design and Construction Joint Powers Authority, and (4) file a Notice of Exemption to codify the District's finding that the above actions are exempt from CEQA. The motion was seconded by Director Puget and 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	Aye	Aye

Contract Extension Amendment

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 Article 13(b) is negotiated with the contractors to clarify liability for issues such as the \$50 billion lawsuit against DWR from Butte County. Two CEQA lawsuits have been filed on DWR's validation action.

Water Management Amendment

Regarding the Water Management Amendment, Mr. Melville reported that the amendment will be effective after 24 contractors sign the amendment. To date, 13 contractors, including the District, have signed. The 24th contractor is scheduled to sign the amendment in February 2021. Litigation has also been filed by third parties, with one CEQA lawsuit and one lawsuit based on violations of CEQA, public trust doctrine, and the Delta Recovery Act. DWR has stated that they will not delay implementation of the amendment while the litigation is on-going.

DATE, TIME, AND LOCATION OF NEXT BOARD MEETING

The Assistant Manager-Engineer noted that the next Board meeting was to be determined based on pending actions; if not before, the regular February Board meeting will need to be held.

ADJOURNMENT

Finally, Director Vidovich made a motion to adjourn the meeting. The motion was seconded by Director Jackson; after discussion, the Board voted to adjourn the meeting. Following the vote, President Brown announced that the Directors voted unanimously as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Aye	Aye

There being no further business to come before the Board, at 2:24 p.m. President Brown adjourned the meeting.



Steven D. Jackson, Secretary

APPROVED:



Kimberly M. Brown, President

**DUDLEY RIDGE WATER DISTRICT
PROPOSED 2021 BUDGET
and comparison to both 2020 Budget & 2020 Actual Charges**

Item 4c

Description	Proposed 2021 Budget	2020 Budget	2021 Budget-2020 Budget	% Change	Projected 2020 (actuals thru October)	2021 Budget-2020 (actuals thru October)	% Change
Benefit Assessments							
SWP Fixed Costs							
Table A Water							
Capital	1,669,020	1,440,168	228,852		1,440,168	228,852	
Minimum OMP&R	2,722,496	2,858,985	(136,489)		2,858,985	(136,489)	
Revenue Bond	528,049	528,665	(616)		528,665	(616)	
Ag Trust Fund (Fixed Portion)	0	0	0	(3)	0	0	
Total SWP Fixed Costs	4,919,565	4,827,818	91,747	1.9	4,827,818	91,747	1.9
Minimum District Administration							
Manager-Engineer	16,500	16,500	0		16,500	0	
Legal	5,000	5,000	0		5,000	(0)	
Assessor-Collector-Treasurer	6,500	6,500	0		6,500	(0)	
Office Supplies & Secretarial	4,500	4,500	0		4,500	0	
Annual Audit	4,000	4,000	0		4,000	0	
Total Minimum District Administration	36,500	36,500	0	0.0	36,500	(0)	(0.0)
Total Benefit Assessments	4,956,065	4,864,318	91,747	1.9	4,864,318	91,747	1.9
Standby Charges							
District Administration							
Insurance	4,000	4,000	0		1,737	2,263	
Membership Dues & Fees	104,507	104,507	0		97,087	7,420	
Annual Audit & State Controller's Report	3,500	3,325	175		3,595	(95)	
Manager-Engineer	190,000	190,000	0	(2)	216,818	(26,818)	
Office Supplies & Secretarial	8,000	8,000	0		3,401	4,599	
Legal-General	20,000	20,000	0		21,880	(1,880)	
Assessor-Collector-Treasurer	35,000	35,000	0		34,239	761	
SWP Audit	17,000	17,000	0		14,416	2,584	
SWC Delta Issues	49,000	49,000	0		54,271	(5,271)	
Special Studies	20,000	20,000	0		3,333	16,667	
Manager-SWP Litigation	2,000	2,000	0		333	1,667	
Legal-SWP Litigation	10,000	10,000	0		1,667	8,333	
Westside Water Authority	36,184	0	36,184		0	36,184	
Contingencies	40,000	40,000	0		7,601	32,399	
Total District Administration	539,191	502,832	36,359	7.2	460,379	78,812	14.6
Distribution System Maintenance							
Distribution System Maintenance	60,000	60,000	0		88,174	(28,174)	
Total Distribution System Maintenance	60,000	60,000	0	0.0	88,174	(28,174)	(47.0)
Total Standby Charges	599,191	562,832	36,359	6.5	548,553	50,638	8.5
Water Toll Charges							
SWP Variable Costs							
Table A Water							
Off-Aqueduct	22,617	22,640	(23)		20,820	1,797	
Ag Trust Fund (Variable Portion)	0	0	0	(3)	0	0	(3)
Variable (at 63% allocation)	515,939	697,712	(181,773)		569,104	(53,165)	
Total SWP Variable Costs	538,556	720,352	(181,796)	(25.2)	589,924	(51,368)	(9.5)
District Water Operations							
Ditchtender Services	28,000	28,000	0		28,000	0	
Water Scheduling/Ordering	14,000	14,000	0		10,293	3,707	
Total District Water Operations	42,000	42,000	0	0.0	38,293	3,707	8.8
Total Water Toll Charges	580,556	762,352	(181,796)	(23.8)	628,217	(47,661)	(8.2)
Grand Totals	6,135,812	6,189,502	(53,690)	(0.9)	6,041,088	94,724	1.5

(1) Payee	Proposed 2021 Budget	2020 Payment
Committee for Delta Reliability	\$ 45,350	\$ 45,350
State Water Contractors	44,000	34,037
South Valley Water Resources Agency	8,142	0
Water Blueprint for the San Joaquin Valley	7,500	7,500
Association of California Water Agencies	5,060	5,060
Water Education Foundation	750	750
Valley Ag Water Coalition	600	600
Agricultural Energy Consumers Association	500	500
California Farm Water Coalition	500	500
Underground Service Alert	200	150
San Joaquin Valley Ag Water Committee	200	200
Total Payment	\$ 112,802	\$ 94,647

(2) Includes projected additional costs associated with SGMA, Delta Conveyance Facility, and three pending SWP Contract Amendments.

(3) Assumes \$375,748 Rate Management credits will not be paid to Ag Trust Fund.