

Kings River Conservation District

Meeting of the Board of Directors

Date & Time: October 10, 2017 at 1:30 p.m. **Location:** Kings River Conservation District Offices

Called to Order: 1:29 p.m. **Adjourned:** 3:22 p.m.

Attendees: **Directors:** David Cehrs, Ph.D. (President), D. Paul Stanfield (Vice President), Gregory Beberian, Ceil W. Howe Jr., Mark McKean, Norman B. Waldner, Mike Yoshimoto
KRCD Staff: David Merritt, Christine Simon (Assistant Secretary), Paul G. Peschel (Secretary), Randy Shilling, Brian Trevarrow, Cristel Tufenkjian, Casey Creamer, Eric Osterling
Consultants & Others: Steven Haugen (Kings River Water Association), St. Joseph Thao (Kings River Water Association), Fausto Hinojosa (Price, Paige & Company)

Absent: None.

Minutes

1. Additions or Deletions from the Agenda

Presenter: President Cehrs

Discussion:

None.

Actions:

None.

2. Public Presentations or Comments

Presenter: President Cehrs

Discussion:

None.

Actions:

None.

3. Approval of the Minutes

Presenter: President Cehrs

Discussion:

None.

Actions:

It was moved by Director Howe, seconded by Director Waldner, and carried by Directors Beberian, Cehrs, Howe, McKean, Stanfield, Waldner and Yoshimoto that the Minutes of the September 12, 2017 Regular Board meeting be approved.

4. Annual Audit Report

Presenter: Fausto Hinojosa

Discussion:

Randy Shilling, Deputy General Manager introduced Fausto Hinojosa, Price, Paige & Company CPAs, who explained the audit process to the Board and presented a summary of their findings, as detailed in the Audit Report for the Fiscal Year ending June 30, 2017 handed out during the meeting.

The audit evidence gathered by the staff of Price, Paige & Company, disclosed no material errors or fraud during the 2017 Fiscal Year. The opinion of Price, Paige & Company is that the financial statements are fairly stated in accordance with generally accepted accounting principles. Due to KRCD staff support, preparation, and knowledge, no audit adjustments were needed.

Responding to a question from the Board, Hinojosa informed the Board that future KRCD audits should report the full liability for unfunded health care, instead of the portion that is currently reported. The deadline to report the actuarially determined liability is June 30, 2018, as represented in a footnote on the audit report under Post-Retirement benefits on pages 41-42. Hinojosa and Shilling answered questions regarding KRCD's revenue, custodial risk and how revenue and expenses for the Jeff L. Taylor Power Plant are handled.

Actions:

It was moved by Director Howe, seconded by Director Beberian, and carried by Directors Beberian, Cehrs, Howe, McKean, Stanfield, Waldner and Yoshimoto to accept the Auditor's Report as presented.

5. Water Conditions and Weather Conditions
Presenter: Steve Haugen

Discussion:

Kings River Water Association (KRWA) Watermaster Steve Haugen introduced new KRWA employees St. Joseph Thao and Lucas Marchese.

Haugen summarized a report on water conditions stating that the total storage available to KRWA units in Pine Flat Reservoir as of 2400 hours on October 7, 2017 was 651,734 acft with a vacant space of 542,266 acft. On that date, the calculated natural inflow to the Reservoir was 453 cfs. Storage is being released from Pine Flat Dam by approximately 2,785 cfs.

Haugen answered questions regarding current Irrigation District activity diverting water and meeting irrigation demands. No number is currently available for how much water is being used for recharge purposes. Haugen explained the minimum requirement of flows that are maintained for the Fishery Management Program. Director Beberian shared a story about a fly fisherman friend who recently caught a large trout; the staff invited them to attend the Public Advisory Group for the FMP program meeting next Wednesday, October 18, 2017 at 6:30 pm at KRCD.

Actions:

None.

6. Directors' Reports
Presenter: President Cehrs

Discussion:

President Cehrs brought to the Board's attention disputes between the South Kings GSA and the Central Kings GSA within the Kings Subbasin.

Actions:

None.

7. Staff Reports
Presenter: Paul Peschel

Discussion:

Paul Peschel, General Manager; announced that, due to an extended comment period deadline, the Board does not need to meet in closed session. Peschel provided updates to supplement his written report to the Board that covered federal, ACWA and state items for the Board's consideration.

Among several federal updates mentioned announced that the Trump Administration intends to maintain the tax-exempt status of municipal bonds, informed the Board of the Bureau of Reclamation's intent to pursue private/public relationships to finance projects, and that Jason Larabee, former Jeff Dunham staff member, was appointed Deputy Assistant for Fish, Wildlife and Parks.

Peschel notified that Board of recent ACWA activity including Regional Board appointments, Committee nominations and explained the Chair selection process that will be unique to the Agricultural Committee, if approved at the Fall 2017 Conference. Director Cehrs was appointed to the ACWA Region 6 Board and seeks to be appointed as the Chair of the Agricultural Committee, of which KRCD will assist with a letter of support. The Board discussed the desire that someone in agriculture serve as the Chair of the Agricultural Committee and discussed a timeline KRCD plans to help send a letter of support for Chair Cehrs to serve as Chair of the Agricultural Committee.

Recent State activity of note included various legislative updates on AB 277, SB 252, AB 560 (Salas). At a meeting of the Board of Food and Agriculture, guest speaker Senator Monning spoke of SB 623 and mentioned that while the urban fee provision on the bill would likely sunset, it seemed that ag fee would continue indefinitely to deal with Nitrate issues. Peschel also reported that The Department of Water Resources' Plenary is legislation-ready and includes items on public health and safety, a healthy economy, ecosystem vitality and providing enriching experiences. The Court of Appeal's ruled to allow Metropolitan Water District to artificially inflate the supposed costs of "wheeling" while subsidizing the price of MWD's own water for sale and anticipates this will have an effect on transportation costs associated with water transfers in the State. The Board discussed upcoming State Water Resources Control Board (SWRCB) Mercury-Impaired Reservoir Stakeholder workshops, of which KRCD is named for Pine Flat Dam, and the presence of naturally-occurring mercury in areas of which there is zero human activity.

David Merritt, Deputy General Manager; presented information regarding Jeff L. Taylor Pine Flat Power Plant, flood control project, and environmental program progress. The Power Plant produced 55,833.3 NET MWs over the month of September. As of October 9, 2017 the Power Plant has 174,892 acre feet left on the temporary permit; this permit expires December 31, 2017. The facility annual maintenance planning is ongoing and will start in the November timeframe. Flood Maintenance staff are addressing post flood water flow critical erosion issues along the North Fork downstream of Stinson Weir. Other projects upcoming involve repair and cleaning of the Zalda tile lines and receiving assistance from the California Conservation Corps to help with tree brushing.

Casey Creamer, Manager of Water Quality; updated the Board that the State Water Quality Regional Board (SWQRB) stated they currently do not intend to regulate on-farm recharge efforts, but agree that some guidance should be made available so long as growers are implementing their Nitrogen Management Plan. Creamer will request that the SWRCB hold an Irrigation Lands Program petition workshop for our growers in the Valley and will continue efforts with the Board to preserve grower anonymity on reports submitted from the Kings River Water Quality Coalition (KRWQC). The Board discussed ongoing Nitrogen sampling issues within domestic and agricultural wells. Creamer reported that while the SWQRB stated that they have no intention to change surface water quality regulation at this time, they will review the item at a future date. Creamer will continue work with the various water boards that allows maximum flexibility for our farmers and the most efficient use of resources to be within compliance and keep costs down.

Eric Osterling, Manager of Water Resources; reported on SGMA and well monitoring activities in the Kings River service area. Consultants in the region are tapped out working on SGMA-related plans and models. Significant outreach efforts are ongoing, including a third Practitioners Roundtable in Tulare occurring on Friday, October 20, 2017. Coordination agreements are occurring in the Tulare Lake Subbasin for Proposition 1 funding (applications due for all Subbasins in the State November 13, 2017) and Provost & Pritchard is creating a conflict-resolution process for those under a coordination agreement. Osterling received a request for a district to monitor its own wells due to recent legislation and is anticipating additional requests for districts to monitor their own wells.

In response to a question from the Board, Osterling stated that the first test regarding the effectiveness of their outreach efforts will be discovered with the results of Prop 218 elections to fund the Groundwater Sustainability Agencies' (GSAs) work to implement SGMA. Tufenkjian is working on communications plans for the GSAs KRCD administers and are keeping interested parties and landowners up-to-date with newsletters.

Randy Shilling, Deputy General Manager; reported that the two trucks put up for auction sold and KRCD is awaiting final payment from GovDeals.com. He also updated the Board on construction taking place next door.

Actions:

None.

8a. Financial Report: Budget Expenditures

Presenter: Randy Shilling

Discussion:

While reviewing the Financial Report, as detailed in the agenda packet, Shilling drew the Board's attention to various items, including the easements to be purchased for the Terranova project and the Cross Creek Flood Control District warrants purchased, as approved at the last Board meeting.

Actions:

None.

8b. Review of Financial Statements

**Presenter: Gregory Beberian,
Mark McKean**

Discussion:

Directors Beberian and McKean reported that they reviewed the bills from August 2017 and September 2017, found them to be in order and recommended that they be approved.

Actions:

It was moved by Director McKean, seconded by Director Howe, and unanimously carried by Directors Beberian, Cehrs, Howe, McKean, Stanfield, Waldner, and Yoshimoto that the September 2017 bills in the amount of \$2,072,481.65, as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

It was moved by Director Beberian, seconded by Director Stanfield, and unanimously carried by Directors Beberian, Cehrs, Howe, McKean, Stanfield, Waldner, and Yoshimoto that the August 2017 bills in the amount of \$2,535,996.50, as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

9. Other Items for Discussion
Presenter: President Cehrs

Discussion:

None.

Actions:

None.

Adjournment

Submitted by:

 Paul G. Peschel
 Board Secretary

 _____ approved on November 14, 2017
 Board President