

**FRESNO IRRIGATION DISTRICT
MINUTES OF THE REGULAR MEETING
HELD SEPTEMBER 16, 2014**

Fresno Irrigation District's Board of Directors met in regular session at the District office located at 2907 South Maple Avenue – Fresno, California, on September 16, 2014. Meeting was called to order at 5:00 p.m. by Board President Ryan Jacobsen.

DIRECTORS PRESENT

President Ryan Jacobsen
George Porter
Gregory Beberian
Jerry Prieto, Jr.

DIRECTORS ABSENT

Vice President Steven Balls

STAFF PRESENT

General Manager Gary Serrato
Assistant General Manager Bill Stretch
Chief Engineer – Special Projects Laurence Kimura
Watermaster Jim Irwin
Controller DeAnn Hailey
Director of Human Resources September Singh
Recording Secretary Lynn B. Rowe

OTHERS PRESENT

Past Board Member Jeff Boswell

REVIEW AGENDA

Mr. Serrato stated there were no changes to the current agenda.

REVIEW OF FUTURE MEETINGS

Staff requested to schedule a special board meeting on Tuesday, October 14 to address two topics; Proposition 218 Election / SB X 7-7 (water metering) and a possible permanent intertie (Gould/Friant-Kern Canal). There are no changes to the remaining meeting dates. The Board agreed to hold a special meeting on October 14.

PUBLIC PRESENTATIONS

President Jacobsen introduced and welcomed past FID Director and President Jeff Boswell who served on the Board for 12 years.

POTENTIAL CONFLICTS OF INTEREST

(Any Board Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.) [FPPC §87105]

None stated.

Board President Jacobsen noted that Director Balls was absent from the meeting.

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CONSENT CALENDAR

- a. **Approval of Regular Board Meeting Minutes – August 19, 2014 (walk in)**
- c. **August 2014 Check Register**
- d. **August 2014 Payroll Registers**
- e. **August 2014 Unpaid Assessment Report**
- f. **August 2014 Investment Account**

Director Prieto requested that item 6 b. be removed from the Consent Calendar for further discussion.

M/S/C/(Porter/Prieto) That the Board of Directors approved the Consent Calendar with the exception of item 6 b. by the following vote. (Ayes – Beberian, Jacobsen, Porter; Prieto, Jr. Nays – 0; Absent – Balls; Abstain – 0)

- b. **Approval of Finance Committee Meeting Minutes – September 5, 2014 (walk in)**

Director Prieto suggested placing the committee's recommendation to the Board in the minutes. Mr. Serrato explained that the recommendations from the Finance Committee meeting will be discussed under item 7 f. Director Prieto stated for future committee meetings, Staff should include as an action item the recommendations of the Committee Members. Also, he inquired where the \$70,000 was spent from the Proposition 218 Fund. Mr. Serrato stated that the funds were spent on a measurement study performed by Provost & Pritchard Consulting Group and the purchase of several flow meters for testing.

M/S/C/(Prieto/Porter) That the Board of Directors approved Consent Calendar item 6 b. with by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

CONTROLLER'S REPORT

Controller DeAnn Hailey reported on the following:

- a. **August 2014 Fund Statements (walk in)**
- b. **August 2014 Notes to the Fund Statements (walk in)**
- c. **August 2014 Treasurer's Reports (walk in)**
- d. **August 2014 Deposits and Investments (walk in)**
- e. **August 2014 Revenue Pie Chart (walk in)**

Ms. Hailey presented the financial reports for August and reported that the District is within budget. The General Fund revenues are at 103% (partially due to interest earned); Delivery System Operations & Maintenance expenditures are at 54%; Other Maintenance expenditures are at 49%; and the KRWA expenses are at 31% but are expected to rise as the year progresses. Utilities are higher this year (76% of budget)

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due to the hotter weather and almost a full year of being on PG&E's "time-of-use" program instead of their "standard" rate.

Ms. Hailey also presented a Revenue Pie Chart as of August 31, 2014

M/S/C/(Porter/Prieto) That the Board of Directors approved the financial reports as presented by Staff by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

f. Report of Finance Committee Meeting

Staff met with the Finance Committee (Directors Jacobsen and Balls) to discuss the recommendations by Staff for the revenue received from the recent water sales and the facilitation of the transfer/exchange of water on the east side for the Bureau of Reclamation.

Recommendations included: augmenting the General Fund; paying down Other Post-Employment Benefits (OPEB); purchase of equipment from the Power Revenue Fund; capital improvement projects; open channel maintenance; proceeding with a Proposition 218 Election; and a possible permanent intertie of the Gould/Friant-Kern Canal.

The Committee's recommendation to the full Board is as follows:

General Fund	\$460,000
OPEB	\$2.5 Million
Power Revenue Fund (Equipment Purchase)	\$1 Million
Capital Improvements	\$1.845 Million
Open Channel Maintenance	\$300,000
Proposition 218	\$ 70,000
Permanent Intertie (Gould-Friant/Kern)	\$4 Million

After a discussion among the Board and Staff, it was determined to place the revenue funds into the specified funds. The \$4 million will be set aside temporarily in the Water Purchase Fund for the possible intertie project but not allocated until the Board makes a final decision on the project.

M/S/C/(Prieto/Porter) That the Board of Directors approved the recommendation by the Finance Committee members of the placement of revenue as listed above by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

g. Copier Lease Review (Expires October 1)

The lease on the District's main copier will expire in October. Staff will be negotiating a new, more cost efficient lease.

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WATER REPORT

a. Current Water Conditions Report

Mr. Irwin reported on the current and projected water supply and the routing information. As of September 15, Pine Flat release was 354 cfs with storage at 117,382 acre-feet. FID's storage in Pine Flat is currently 20,129 acre-feet. Pre-Project for the Kings River is 134 cfs; Fresno Irrigation District's entitlement is 98 cfs. Hardship water sales are brisk due to the continuing hot weather. Customers have been very happy and appreciative that the District has made the water available through September. The El Nino weather pattern continues to be watched. Predictions are for a moderate El Nino season during the late fall and early winter.

CHIEF ENGINEERS and SPECIAL PROJECTS REPORTS

Chief Engineer – Special Projects report given by Laurence Kimura:

a. Developer Projects 2014-15

The Engineering Department continues to review plans of several projects that will be constructed during the 2014-15 Maintenance Season. Staff has responded during the last month to 19 Developer Review Notices and two Utility Search Requests. Five additional projects are being planned and reviewed. There are no projects occurring at this time.

b. Agency Projects 2014-15

The Engineering Department continues to review plans of several projects that will be constructed during the 2014-15 Maintenance Season. There are no projects under construction at this time.

Agency / Utility Crossings

There are numerous utility (cable, fiber optics, storm drains, sewer, etc.) crossings that bore under various FID facilities. PG & E is currently repairing one of the District's lines damaged during a crossing. Staff anticipates these projects to resume in October.

i. Fresno Metropolitan Flood Control District Grant

In 2013, FID provided a letter in support of the FMFCD request for an Economic Development Administration (EDA) Grant for its South Fresno Economic Development Project. FMFCD is the lead applicant, with FID, County of Fresno, and City of Fresno as co-applicants. One of the projects consists of replacing 1,700 feet of 42-inch CIPCP on FID's North Central Canal with 48-inch RGRCP through the North Pointe Business Park, located southwest of North and Orange avenues. The grant will also include a connection from a basin to FID's Central Canal and also a connection from two basins to FID's North Central Canal.

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In June 2014, FMFCD was notified that the project submitted was selected through EDA's competitive application review process to continue for further consideration for funding. In August 2014, FMFCD and the other participants were notified that the EDA had approved the funding. The proposed project, estimated to cost \$4,183,500 will be funded for \$2,510,100 in EDA funding.

ii. California High Speed Rail Update (CHSR)

There is nothing new to report on the project. The HSR project will impact approximately 20 of FID's facilities at 25 separate crossing. In late July, the Fresno County Board of Supervisors voted to rescind their support for the project by a vote of 3-2.

c. Landowner Initiated Projects Update for 2014-15

Staff continues to work on projects that are being initiated by the landowners. Projects include conversion from flood irrigation to low flow irrigation (drip, micros, etc.), pipeline projects, and utility crossings (mainly low flow irrigation pipelines) that will be completed during the 2014-15 Maintenance Season (April 1 – March 31). The initial deposit from a landowner was received for the pipeline project on the Lampee West Branch Canal No. 34. The private bridge projects on the Thompson Canal are scheduled to commence in September 2014 following their harvests.

d. Other Activities

- Monthly surface water samples for water quality testing are being taken from main canals;
- Groundwater levels are being measured and samples are being taken for the banking facility monitoring plan. Approximately 93 measurements per month are taken;
- Cost estimates on projects are being developed for the upcoming maintenance season; and
- Staff performed several surveys for project design.

Mr. Kimura reviewed the progress of the City of Clovis' Terminus Park. Fencing has been erected, rock wall has been built, rest room facilities constructed, trees / shrubs have been planted, and a covered seating area has been built. The project is taking a little longer to construct than anticipated but should be completed by the end of October.

Director Beberian inquired on whether the groundwater level information could be placed on the District's website in an easy-to-read format similar to what is located on the Consolidated Irrigation District website.

Break

A break was taken from 6:25 to 6:45 p.m. - during which time no District business was discussed or acted upon among the Board Members. Assistant General Manager Bill Stretch provided a slide presentation on general maintenance projects which played during the break; however, nothing was discussed among the Member or Staff that pertained to the slides.

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ASSISTANT GENERAL MANAGER'S REPORT

Assistant General Manager Bill Stretch reported on the following:

a. Maintenance and Construction Update

- Crews continue to work on pipeline repairs, dredging, and structure modifications;
- Spray trucks and tractors continue with spraying post-emergence weed spray and aquatic weed control (Magnacide) as weather permits;
- Reclaim and Hardship Water runs continue to be delivered on the west and east sides respectively; and
- Additional general maintenance tasks are being performed as outlined in the Assistant General Manager's report.

b. Southwest Groundwater Banking Project Update

The delay in purchasing one of the selected parcels was due to its association with a wildlife conservancy. Staff received a letter from the Wildlife Heritage Foundation stating the property could be used as a recharge basin. Staff believes the parties are very close to entering into escrow on this one property. Staff has continued to work very hard with the Bureau of Reclamation and the Department of Water Resources on the grant proposal process of this project.

Staff received word from Mr. Church's attorney stating they are willing to meet. Mr. Church's property is being looked into as part of the banking/recharge project.

Additional properties in the area are also being looked at for development into the recharge facility.

c. Sunnyside/Shepherd Terminus Park Update

Mr. Stretch reported that FID and the City of Clovis have narrowed down the parcel designated as the exchange property for the Sunnyside and Shepherd land that the City of Clovis acquired for building their Terminus Park. The City of Clovis' Council approved the purchase of the exchange property at their City Council meeting on Monday, September 15. It is expected to take approximately six months to complete the escrow, zoning, and transfer of the property.

Currently there is a small house/office and mobile home on the property. Staff will have the City remove the mobile home from the property before the completion of the transaction.

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d. Present Three-Year Plan of Construction Project and Capital Improvements Fund Budget for 2014-15 through 2016-17. Action Request No. 2014-08

Mr. Stretch presented a list of construction projects and the associated budget. There are 29 newly proposed projects (net \$1,845,000) and 17 previously approved projects (net \$540,000) incorporated into the three-year plan (2014/15 – 2016/17). The focus of the projects over the next three years will be pipeline replacement, along with some basin/pond improvements, gate modifications/repairs, and improvements to weir structures. Most of the cost will be covered by the Capital Improvement Funds. As in previous lists, the priority of these projects could change over the next three-years.

M/S/C/(Porter/Prieto) That the Board of Directors approved the Three-Year Plan (Action Request 2014-08) items 1-29 as presented by Staff by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

MANAGER'S REPORT

General Manager Gary Serrato reported on the following:

KINGS RIVER WATER ASSOCIATION

Water Rights Fees

The KRWA Watermaster announced that the State Water Resources Control Board staff is recommending to their Board an increase in water rights fees. Recommended increases are for nine percent for the first year, nine percent for the second, and eight percent for the third year; resulting in a 26% increase. FID's increased share will be \$5,000 (19%) per year.

Cloud Seeding

It was announced at the Kings River Water Association meeting that the Kings River Conservation District (KRCD) will not be able to fund their portion of the cloud seeding program this year due to budget constraints. It is not known if KRCD will be able to contribute any portion of the cost; in the past, KRWA, KRCD, and PG&E have paid an equal share of the cost of approximately \$324,000. According to the KRWA Watermaster, cloud seeding is believed to increase KRWA's water allotment by five to six percent. The KRWA member districts are discussing possible cost-savings options should they decide to go ahead with the seeding project. FID Staff is in favor of pursuing cloud seeding.

APEX (Kings County Groundwater Banking Facility)

The Kings County Water District has withdrawn from the Memorandum of Understanding (MOU). This triggered a 60-day renegotiate / amendment period. The initial meeting was considered positive and it has been decided to move forward with a second meeting.

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Mr. Serrato informed the Board that Mr. Jim Provost (Provost & Pritchard Consulting) has written a book entitled *Development of the Kings River* which can be purchased through the KRWA.

FRIANT WATER AUTHORITY

Exchange Contractors

The Exchange Contractors will be taking water out of the San Joaquin River through the remainder of the year. It is projected that 55,000 acre-feet will come out of the river during the month of September.

Friant has hired the firm of Rauch Communication Consultants to assist in the development of a strategic plan. The members are hoping that by developing the strategic plan, it will guide Friant into a different direction. A sub-committee has been formed to assist with the planning.

OTHER

Groundwater Legislation

Governor Brown signed AB 1739, SB 1168, and SB 1319 (Groundwater Sustainability Act) into Law on September 16, 2014. It will now become incumbent on local agencies to implement the requirements of these laws.

Mr. Serrato is organizing a meeting with the general managers of Alta Irrigation, Consolidated Irrigation, and the Kings River Conservation District to review and plan for the implementation of these bills or decide if they will be a part of larger agency or Joint Powers Authority. Local agencies are encouraged to take the lead on groundwater issues; otherwise, counties or the state could take over the management. Agencies have until 2017 to develop a groundwater management plan and until 2020 to implement the plan. These bills require compliance of all wells including private, city, and county.

City of Fresno

Mr. Serrato and the City of Fresno's new Public Utilities Director Tommy Esqueda continue to meet and discuss the conveyance agreement. The meetings are going well. Mr. Serrato informed Mr. Esqueda the District's position concerning the City selling water and the management of the water supplies.

The City of Fresno has scheduled several community water / outreach planning meetings from September through November. Mr. Serrato has been asked to participate in the September 29 forum covering Fresno's Water Supply Issues and Needs.

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ADMINISTRATIVE MATTERS

a. Proposed Agreement with Crescent Irrigation District and Stinson Irrigation District

In 1998 an agreement was negotiated by FID's previous general manager with Crescent and Stinson Irrigation Districts for 30,000 acre-feet of water which was scheduled to be repaid the following year. After recently researching KRWA records, it was determined that approximately 15,000 acre-feet of the 30,000 acre-feet of water was never used. Staff met with both Districts and renegotiated the Agreement upon the approval of the Board for 10,000 acre-feet with repayment at a time when the hydrological year is 70% or above at Class II prices.

M/S/C/(Porter/Prieto) That the Board of Directors approved the General Manager entering into an agreement with Crescent and Stinson Irrigation Districts for 10,000 acre-feet of water at Class II prices by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

b. Resolution 2014-09 Support of Proposition 1 – The Water Quality, Supply and Infrastructure Improvement Act of 2014 (walk in)

Staff recommends the adoption of Resolution 2014-09 in support of Proposition 1.

M/S/C/(Porter/Beberian) That the Board of Directors approved Resolution 2014-09 as presented by Staff by the following roll call vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

c. City of Fresno Bankside Trails Agreement

Staff has met with the City of Fresno numerous times to discuss the possibility of developing "Bankside Trails" within FID's canal easements through some areas of the City of Fresno. A term sheet has been developed outlining the deal points that FID will need the City of Fresno to comply with before entering into an agreement. Staff requests that the Board approve the deal points and allow Staff to continue with the negotiations. Director Prieto reminded Staff to have a strong indemnification clause protecting the District. Director Beberian commented that he would like to see police/security services along any developed trail. The City has already taken these deal points to the Fresno City Council and received approval. District Staff is also strongly recommending that the City hold community outreach meetings in the areas of the proposed bankside trails to ensure that the City and District have community support.

M/S/C/(Beberian/Porter) That the Board of Directors approved the Term Sheet for the Bankside Trails and to agree to the General Manager pursuing negotiations by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

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- d. **Request of Overnight Stay for Directors and Management Staff to Attend the 2014 ACWA Fall Conference December 2-5, 2014 in San Diego, CA**

Staff requests Board approval of overnight stays for any of the Directors and three senior Staff members to attend the Fall 2014 ACWA Conference to be held in San Diego, CA.

M/S/C/(Porter/Prieto) That the Board of Directors approved the overnight stay for Directors and senior Staff to attend the 2014 Fall ACWA Conference by the following vote. (Ayes – Beberian, Jacobsen, Porter, Prieto, Jr.; Nays – 0; Absent – Balls; Abstain – 0)

DIRECTORS' REPORT

Director Beberian – announced that he is running for the Kings River Conservation District Board of Directors - Area 3.

Director Balls – absent.

Director Jacobsen – praised Mr. Serrato and other Staff for their foresight and outstanding work.

Director Porter – none.

Director Prieto – asked whether there was a five-year waiting period on unpaid assessments. Ms. Hailey explained that Fresno County now collects the assessments for the District and they handle the selling of properties for unpaid taxes/assessments after five years. Director Prieto also reported on groundwater level variances of his neighbors within yards of each other. One neighbor had a groundwater depth of 55 feet and the other neighbor's well was going dry. The one at 55 feet was near a creek; the other well recovered after a couple of weeks of non-use.

The Board went into Closed Session at 8:13 p.m.

CLOSED SESSION

Natural Resource Defense Council vs. Rodgers (Government Code Section 54956.9). To confer with counsel on pending litigation.

Government Code Section 54956.8 Real Property Transactions.

Negotiators: Gary R. Serrato-FID, Bill Stretch-FID, and the City of Clovis

Properties: APN 560-031-11 and 557-031-05, 39

Terms and Conditions: Negotiations of Purchase and Sale of Real Property

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Government Code Section 54956.8 Real Property Transactions.

Negotiators: Gary R. Serrato-FID, Bill Stretch-FID, and GF Land Company L.P.
Properties

Property: APN 035-060-14S

Terms and Conditions: Negotiations of Purchase and Sale of Real Property

Conference with Legal Counsel–Anticipated Litigation (Government Code Section 54956.9(b)).

Conference with Legal Counsel – Pending Litigation (G.C. §54956.9(a)); Jeremy Hobensack vs. Fresno Irrigation District.

Conference with Legal Counsel-Potential Litigation (Government Code Section 54956.9(b)). Conference with Legal Counsel – Potential Litigation (G.C. §54956.9(a)): Environmental Legal Foundation vs. Fresno Irrigation District.

Conference with Legal Counsel – Anticipated Litigation (Government Code Sections 54956.9(a), 54956.9(b) and 54956.9(d)(2)).

The Board will meet in Closed Session to confer with counsel on potential litigation to condemn certain real property owned by Denver Church for a proposed recharge basin project. The Board has previously authorized Staff to explore eminent domain proceedings for that property so that the project is not delayed. Prior to adjourning to Closed Session, the facts and circumstances that may create a significant exposure to litigation by or against the District will be described in more detail, and the Board will determine whether, based on existing facts and circumstances, that exposure exists.

Government Code Section 54956.7. Conference with Labor Negotiators Regarding Terms and Conditions of Employment with Represented Bargaining Groups.

CLOSED SESSION ADJOURNMENT

President Jacobsen adjourned Closed Session at 8:25 p.m.

REPORT OF ACTION TAKEN IN CLOSED SESSION

President Jacobsen stated there was nothing to report from Closed Session.

ADJOURNMENT

President Jacobsen adjourned the meeting at 8:26 p.m.

Submitted By,

Gary R. Serrato
Secretary of the Board