

RECLAMATION DISTRICT NO. 108

Minutes of the Regular Meeting Of the Board of Trustees

January 18, 2018

President Durst called the Regular Meeting of the Board of Trustees to order at 8:30 a.m. on Thursday, January 18, 2018 at Reclamation District No. 108 headquarters, Wilkins Slough, Colusa County, California.

Trustees Present: Fritz Durst, Roger Cornwell, Sean Doherty, Todd Miller and Hilary Reinhard

Trustees Absent: None

Others Present:

Lewis Bair, General Manager	Steve Beckley, PR
William Vanderwaal, Deputy Manager	Don Huff, III Landowner
Meegan Nagy, Deputy Manager	Blair Voelz, Landowner
Gary Marler, Superintendent	Eli Voelz, Landowner
Kevin O'Brien, Legal Counsel	Jon Leonard, Landowner
Cathy Busch, Secretary	Brenda Miller, Landowner
Beverly Walls, Bookkeeper	John Loudon, Colusa Co Supervisor
Justin Navarrot, Staff	Starr West, Landowner
Kari Andreotti, Landowner	David Alves, Landowner Representative
Tom Charter, Landowner	Vicent Andreotti, Landowner
Mark Andreotti, Landowner	Tom Ellis, Landowner
Candy Dormer, Landowner	Scott Monckton, Landowner
George Tibbitts, Landowner	

Agenda – It was moved by Trustee Doherty to approve the agenda as submitted. Trustee Cornwell seconded. Approved 5 – 0.

Open Forum – President Durst welcomed guests to the first Board meeting in the new Boardroom. He said that it is the Board's hope that locals will also use the Boardroom for Community events. District Staff presented a video on the Lake California Side Channel Project in Red Bluff. There is a link to the video on the District's webpage. This Project opens the Lake California side channel during the fall when the Sacramento River flows are low. The upper 400 yards of the channel was filled in with gravel limiting fishery benefits until much higher flows. The Winter Run Chinook is an ESA listed species whose juveniles use these type of side channels and also have the most impact on Shasta operations. The Bureau of Reclamation funded this project with assistance from permit and design work being coordinated by Sacramento River Conservation Area Forum and the Tehama RCD. RD108

contributed five equipment operators for a period of two weeks. They removed approximately 2,000 yards of gravel.

Manager Bair gave a status report on the Sites Reservoir Project. The District will be required to make a firm commitment on Phase 2 of the Project within the next six months. The next phase of the Sites Project will be a significant increase in the cost to the District and Landowners. The Board and staff are seeking questions, concerns and input from Landowners in an effort to gather sufficient information for Landowners to make the most informed decision as is possible regarding this very significant investment. A list of questions and concerns raised at the meeting are attached hereto and made a part hereof.

President Durst reported that the Sites Project was seeking federal financing as an option to reduce financing costs of the project. Manager Bair reported that the Board will be setting a date for the Annual Landowner meeting later in the meeting. The Board suggested that the District offer a tour of recent District projects to landowners.

Manager Bair reported the dry year along with limited storage at Oroville Reservoir we might see a water transfer in 2018. This transfer would likely be for south of the Delta and would be crop idling and groundwater. No terms have been set yet. It is hoped that the District should have more information for the Annual Landowner meeting.

The Public Forum ended at 10:13 a.m.

ADMINISTRATION

Public Participation: There were no further comments from the Public at this time.

Consent Agenda – It was moved by Trustee Cornwell to approve the consent agenda, including the Minutes of the Board Meeting held on December 21, 2017. Trustee Miller seconded. Vote: Approved 5 - 0.

Accounts Payable – It was moved by Trustee Cornwell to approve the accounts payable: Maintenance Fund in the amount of \$424,517; on-line payments issued in January in the amount of \$33,755, checks issued during November in the amount of \$4,887 and transfers between River City Bank account to Money Market Fund in the amount of \$200,000 to be ratified. Irrigation Fund in the amount of \$30,540 and online payments to be ratified in the amount of \$3,362.

BUSINES ITEMS

1. Operations Report –Superintendent Marler reported on District-wide maintenance. Repairs are underway to Pump No. 5 at Wilkins Slough Pumping Plant. Repairs were made

to the stop-log at the Emery Poundstone Pumping Plant. It is planned to replace the River gates at Rough & Ready Pumping Plant this summer as soon as River levels permit.

Superintendent Marler reported that he researched a gps vehicle monitoring program for the District that would record driving speeds, would give vehicle location, engine diagnosis and a saving on fuel by reducing excess idling. After discussion, it was moved by Trustee Cornwell to authorize purchase of the Vehicle Monitoring Program at approximately \$380 per month and \$470 capital cost. Trustee Miller seconded. Approved 5 – 0.

2. USBR Drought Resilience Grant – Deputy Manager Vanderwaal reported that USBR has \$3.25 million in FY 2018 for Drought Resiliency Projects. The proposed project for the District would be installation of groundwater production wells to provide backup water supplies. This project would be a 50/50 cost-share with a total estimated cost of \$1.39 million. It was moved by Trustee Cornwell to authorize Deputy Manager Vanderwaal to apply for the USBR Drought Resilience Grant in the amount of \$1.39 million. Trustee Doherty seconded. Approved 5 – 0.

3. Water Transfer Update

- **Colusa County Water District/Dunnigan Water District** – The Environmental documents have been completed with Colusa County Water District taking the lead. After discussion it was moved by Trustee Doherty to Adopt and File the Notice of Determination for the five-year In-Lieu Groundwater Recharge Project. Trustee Miller seconded. Approved 5 – 0. It was further moved by Trustee Doherty to sign the Five-Year In-Lieu Groundwater Recharge Project Agreement with Colusa County Water District and Dunnigan Water District for the period of 2018 through 2022. Trustee Cornwell seconded. Approved 5 – 0.

- **Wheeler Ridge-Maricopa WSD/Dudley Ridge (Westside Five)** – The Westside Five are located south of the Delta and are looking for a possible water transfer for 2018. They are looking to expand their purchasing pool. Currently the USBR is working on amending their 10-year environmental document to include a new place of use. This water transfer would be limited to land idling and/or groundwater. When asked if there would be opposition of the District selling groundwater, the consensus was no opposition.

4. Colusa Basin Drain Representative – Deputy Manager Vanderwaal reported that Cathy Busch expressed her intent to step off the Colusa Basin Drainage District. Because of potential effects to the Sites Reservoir Project, staff recommends appointing someone from RD108 to replace Ms. Busch. It was moved by Trustee Cornwell to nominate Deputy Manager Vanderwaal to the Colusa Basin Drainage District. Trustee Miller seconded. Approved 5 – 0.

5. Annual Landowner Date – After discussion, the Board set the date of the Annual Landowners meeting to March 1 at 9:00 a.m. to 12:00 p.m. at the new Boardroom. It was suggested that if Landowners were interested in a District-wide tour it could be setup for March 17 starting at 10:00 a.m. Manager Bair recommended that the Board hold a Board Workshop

on March 14 from 8:00 a.m. to 12:00 p.m. to refresh District priorities. He also recommended Mr. Larry Mandelberg facilitate the meeting.

6. Adopt the 2018 Financial Budgets and Amend the 2017 Budgets as needed – The Board reviewed 2018 Irrigation and Maintenance Budgets. Staff proposed three changes to the 2018 Maintenance Budget; Payroll Taxes, Benefits, Workers Comp was increased by \$7,000 to \$627,985; Office Supplies Expense was increased by \$6,000 to \$49,000; and Equipment/Vehicle-Maintenance-Repair was increased by \$4,560 to \$88,560. There were no changes to the 2018 Irrigation Budget. The Board reviewed the 2017 Budgets. Staff recommended amending the 2017 Maintenance Budget: Contract Renewal from \$150,000 to \$353,000; Phase 8 – Bay Delta from \$125,000 to \$126,000; Payroll Taxes & Benefits from \$1,614,318 to \$1,667,000; Legal from \$60,000 to \$63,000; Engineering from \$50,500 to \$63,000; WDC Consultant from \$64,000 to \$65,000; Insurance from \$70,045 to \$72,000; Misc. Fees from \$64,844 to \$67,000; Office Supplies from \$35,000 to \$38,000; Headquarters, Residence & Domestic Well Maintenance from \$91,000 to \$97,000; Power & Energy from \$129,500 to \$382,000; Shop Tools & Supplies from \$48,000 to \$66,000; Solar from \$4,444 to \$9,000; Mid Sac Regional Flood Control from \$175,000 to \$212,000; KLOG from \$0 to \$1,710; Supplemental Ground Water Wells from 0 to \$26,000; and Fish & Bird Project from 0 to \$27,300. After discussion, it was moved by Trustee Miller to approved the 2018 Maintenance and Irrigation Budgets as amended and to amend the 2017 Maintenance and Irrigation Budgets as recommended by staff. Trustee Cornwell seconded. Approved 5 – 0.

INFORMATION REPORTS

1. NCWA Report – Trustee Cornwell reported on current NCWA activities. He stated that the NCWA Annual meeting will be held on March 2 in Chico as the Sierra Nevada Brewery starting at 9:00 a.m.

2. Sites JPA – President Durst gave a status report of the Sites Reservoir Project. The Comment Period for the Project ended January 15, 2018. A Comment letter was received from a group of environmentalists with questions that they would like to see addressed in the future, but not negative to the Project. Calif. Fish & Wildlife had issue with the Project description and the scope of water usage that was too broad for them. The Project applied for \$1.6 billion of Prop 1 funding.

Deputy Manager Vanderwaal reported that the Reservoir Committee is working on developing options and concepts for re-balancing and attempting to refine cost estimates. He is also sitting on the Financing Work Group and leading the risk Management Work Group. Deputy Manager Vanderwaal reviewed estimated costs for Sites. The total cost estimate today is \$5.3 billion with the State's portion being \$1.6 billion. He reviewed the cost and time schedule for the District at a 20,000 acre/feet commitment. Attorney O'Brien suggested that Mr. Earnest Conant be invited to speak on finance and organization of the Sites JPA so that Landowners

will have concrete information to base their decision on when they have to vote to make a firm commitment.

3. Communications Consultant – Mr. Steve Beckley's report is included in the Meeting book.

4. Policy Ad Hoc Committee Report – Trustee Reinhard reported that the handbook is moving forward. A copy of the completed sections are included in the meeting book.

5. Deputy Manager's Report

- **Office Annex** – Deputy Manager Vanderwaal reported that the Office Annex Project is holding on budget. Substantial completion was today, January 18th and he would be finalizing the construction contract pending the existing annex work.

- **Water Users Meeting** – Deputy Manager Vanderwaal attended the annual USBR Water Users Meeting in Reno and reported the Bureau Commissioner, Regional Manager and Area Managers gave a talk on infrastructure. They are looking for shovel ready projects. USBR is looking for creative ways to finance projects such as Private-Public Partnership (P3) Funding. They are also looking to streamline their processes and are searching for areas that are holding up the completion of projects.

- **Lake California Side Channel Project** – The Project has been completed and a total cost report will be submitted at the February Board Meeting. Deputy Manager Vanderwaal reported that if the District does a second project like this, Sutter Mutual has agreed to participate.

- **Flood Control** – Deputy Manager Nagy reported that we are currently waiting on the revised agreement for the Deferred Maintenance Project. The Corps just sent out an email that they had immediate changes on the Section 408 Policy. The new policy review should be out the end of this month. The intent is to make the process better.

6. Manager's Report - Manager Bair reported that the State had accepted terms to proceed with the repair of the Knights Landing Outfall Gates.

7. Attorney's Report – Attorney O'Brien

Closed Session – The Board went into Closed Session at 12:20 p.m. to discuss anticipated litigation and significant exposure to litigation pursuant to Subdivision (d) of Section 4956.9 (CalWaterFix Comments, Settlement Contracts, NRDC, SWRCB Settlement Process, Voluntary Agreement, KLOG and Personnel Issue). The Board came out of Closed Session at 12:35 p.m. and President Durst announced no action taken.

RECESS

The Board recessed for lunch at 12:40 p.m.

ADJOURNMENT

There being no comments from the public and no further business to come before the board, the meeting was adjourned at approximately 1:20 p.m.

Respectfully Submitted

Lewis Bair
Manager

Reclamation District No. 108

18-Jan-18

Questions and Information Request regarding Sites Reservoir Project and Potential Water Supply

Questions and Concerns

1	Can Sites water be sold when not used by the District or an individual Landowner investor? If so, who controls that process?
2	If Individuals participate in Sites, would they be allowed to sale individually?
3	What are the costs for each step of the Project development and is it possible to recover those if an investment is not eventually pursued?
4	Can the District provide a list of current investors and the waiting list of investors?
5	Will there be federal funding or financing?
6	What are the financing options for the Project?
7	Can the District please include some examples of actual payments for different investment levels and different potential financing options?
8	When is the Project projected to deliver the first drop of water?
9	What is the yield of the Sites Project?
10	Is the investment something a landowner can expense?
11	What may be required as security under the different financing options?
12	Could there be a blend of District quantity and subset/landowner quantity?
13	How long would the Project be liability verses booked as asset?
14	Who owns the water - District that assess all Landowners, or a landowner?
15	If landowner purchase only, would RD108 still take the lead?
16	If individual owns water how does RD108 determine what water is sold in Water Transfer?
17	Is here more of a demand for water than water supply?
18	On past water transfers, has the South of Delta always been able to move water through the Delta?
19	If landowner own Sites water in three District , can he use the water in locations other than the District?
20	If RD108 opts out of Sites what are the impacts?
21	What happens if no Sites water?
22	What are the Pros and Cons on RD108 lead vs forming a new Mutual Water Company?
23	What is the annual cost of operation once built?
24	Who runs Sites?
25	What months would the District be able to receive Sites Water?

26	If we use reserves for Sites, do we have funds to pay for current litigations regarding surface water or other potential needs?
27	Could there be an additional sister district for Sites and landowners can op-in and out?
28	if financing is secured through investors property ownership, how might that affect land values?