

**Minutes of the Special Meeting of the Board of Directors
Eastside Water District
Monday, November 25, 2019**

Chairman Al Rossini called the meeting to order at 9:00 a.m. at Hill Top Ranch Conference Room, 13890 Looney Road, Ballico, CA.

Present Directors: Ty Angle, Tim Johnson, Norik Naraghi, Al Rossini, and Wes Sperry

Others Present: Kevin Kauffman, Water Consultant and Jeanne Zolezzi, Legal Counsel

Kevin provided the attached outline of topics suggestions for the Board of Directors related to the Upland Pipeline Project East of Turlock, CA.

ITEM 1

Introductions and introductory comments were made.

Kevin reviewed with the Board the portion of the USBR grant application completed by Provost & Pritchard earlier this month. The key point was that the project would deliver a minimum of 14.7 cfs (about 6,615 gpm or 29.2 acre-feet/day or 9.53 mgd) of MID purchased water to this project in every other year (on average). These flows were not felt to be sufficient to serve both the 11,500 acres adjacent to the pipeline portion of the project and the acreage adjacent to the existing Mustang Creek Flood Control facilities. On average, the minimum flow would deliver about 2,100 acre-feet to these lands. Even doubling this amount would only provide less than 10% of the demand needed for the lands adjacent to the project.

With the above in-mind, it was suggested that 100% of the project water should initially target direct groundwater recharge use by the existing Mustang Creek Flood Control facilities. Then, based on project operations any additional water could provide a surface water supply to adjacent lands as a secondary project use.

ITEM 2

Ownership

The meeting focused on which lands the purchased water from Merced ID would be delivered to and how the pipeline would be financed.

ITEMS 3-6 Construction and Operation Costs

The majority of the discussion occurred on the cost of constructing and operating the project and how these costs can be fairly balanced between the landowners and the EWD and ETS GSA.

A landowner workshop to explain the project and the suggested operational and financing approach should be scheduled after the first of the year. Jeanne and Kevin will prepare a summary for presentation. Al offered his home as a venue for such a workshop/meeting.

At the January 16th Board meeting, the suggested approach can be further developed and prepared for presentation to the landowners in EWD/ETSGSA.

There being no further business the meeting was adjourned at 10:35 a.m.

I hereby certify that this is a full and correct copy of the minutes of the Board of Directors of the Eastside Water District of Merced and Stanislaus Counties, California.

November 25, 2019

Karen L. Whipp (notes provided by Kevin Kauffman)

KAREN L. WHIPP

EASTSIDE WATER DISTRICT BOARD CLERK

Upland Pipeline Project East of Turlock California

Planning Meeting to Discuss Ownership, Easements, Operations, Infrastructure Needs, Financing, and Schedule of this Proposed Project

Monday, November 25, 2019 at 2:00 PM

At Hilltop Ranch, 13890 Looney Road, Ballico, CA

Agenda

1. Introductions and Introductory Comments
2. Ownership
 - a. Review of Previous Legal Counsel Opinion that EWD or ETSGSA should own and operate
3. Easements
 - a. Upland Pipeline right-of-way for construction and maintenance (40-feet wide?)
 - b. Recorded easements recommended
4. Operations
 - a. EWD or ETSGSA will operate year-round for in-lieu groundwater recharge (irrigation) sites along the pipeline and Mustang Creek alignment; and direct groundwater recharge sites within the Mustang Creek Flood Control Project.
 - b. Purchased water from MID will be used for in-lieu recharge deliveries (irrigation). Deliveries to direct recharge sites will likely identify the same in-lieu lands as those receiving the benefit of this stored (in the ground) surface water.
5. Infrastructure Needs
 - a. EWD or ETSGSA Upland Pipeline infrastructure is as described in the application for funding to USBR.
 - b. Take-offs and distribution piping for lands served along Upland Pipeline or Mustang Creek will be the responsibility of the landowners, and EQIP funding is available through NRCS.
6. Financing
 - a. \$2.31 million project benefits many landowners and the entire ETSGSA
 - b. Establish benefit assessment district for landowners along pipeline and canal to cover 30% (?) of net project cost? Remaining 70% covered by Diffused Surface Water Project type funding (if EWD) or similar program if ETSGSA. [2.31- 0.6 = 1.71; 30% = \$513,000; and 70% = \$1,197,000]
 - c. USBR funding (if received) will fund about 25% of total project cost.
 - d. Operational cost at similar percentage share?

7. Schedule

- a. With EWD income from 2019 per-acre capital charge, funding should be available to proceed with this project independently or with ETSGSA.
- b. USBR funding should be confirmed February to March 2020.
- c. Environmental work and permitting could be completed in the Spring of 2020.
- d. Design build contract could be awarded in the summer of 2020.
- e. Flows could be diverted as early as the winter of 2020-21.

8. Other Issues Related to this Project and Next Steps

- a. What issues have we not considered?
- b. When should we meet again?
- c. What do you expect to be accomplished at that time?

9. Adjourn < 4:00 pm