

Water Wrights



Friant Water Authority Executive Committee September 14, 2020

By Don A. Wright

The **Friant Water Authority** held its Executive Committee meeting on Monday, September 14, 2020 at its Lindsay headquarters. Or maybe not. This was a Cisco Webex deal and there is a small photo of what looks like the Chairman and Executive Officer sitting at a table with a green cloth covering and black curtains in the background. I've been to the Lindsay offices and I don't remember a room that large. They have been meeting at the Visalia Convention Center. Chairman **Chris Tantau** opened the meeting at 9:37am, reporting there was no reportable action from closed session. He invited Director **Cliff Loeffler** to give a invocation to start the meeting and he remembered the folks in the fire and asked for wisdom. The usual remote protocol was used with a roll call vote. **Toni Marie** runs a good meeting but keeping things organized.

FWA CEO Jason

Phillips presented the 2021 budget saying the only change was the inclusion of the Airborne Snow Observatory item. He wanted to know if there was any heartburn with presenting this draft to the full board next week. There were no comments received on the ASO but there was a question about increased legal fees. Phillips said these fees are a place holder should some legal eruption occur. Any expenditure would have to pass board approval. Director **Edwin Camp** asked about government money helping to pay ASO costs since it is so obviously a public benefit.

Consultant **Mike Villines** said getting state money has been difficult and the Big Marxist Virus blew this year's budget out of the water. He said efforts are continuing. He said more than that but I heard don't give up hope yet.

Attorney **Don Davis** gave an update on the utilities relocation needed for the Friant Kern Canal repairs. A firm was hired to attend to the right of way concerns for this project. That firm hired a consultant to deal specifically with the impacted utilities. This firm found out Southern California Edison wants a \$100,000 deposit to even entertain moving its powerlines. The committee felt it wise to recommend the board put up the money. In fact they recommended putting up \$200,000 to cover any



additional needs that could come up. Time is getting tight and having to wait for another meeting to make a decision could throw a wrench in things getting completed on schedule. Davis also reported there has been progress on making offers to property owners with land located where the canal repairs need to take place. A fourth of the offers have been sent out. Evidently the US Bureau of Reclamation has sped up its part of the procedure. Good for them.

Next was the big item – how do you pay for a \$500 million repair bill? Both the state and federal governments are shy about chipping in money. The state more so than the feds although both have elected officials championing the cause. To get the canal back to somewhat operable conditions requires ranking the repairs from; that'd be great/all the bells and whistles to get the flows back to minimum design. Some plans have been put forward; just repairing segments D&E of the FKC would allow the downstream contractors a greater supply conveyance guarantee. This will cost \$215 million.

Friant came up with names for how much repairs can take place; if I'm understanding correctly Zone One would do nothing and let things continue to degrade – not a popular option. Zone Two would bring the FKC back to design capacity and protect against future subsidence. Zone Three would increase capacity and protect against future subsidence. Zone Three will also ensure unique, reserved capacity for contractors investing in Zone Three. If the Zone Three upgrades are enacted contractors wanting to use the extra capacity but didn't invest will have to pay a fee. That fee hasn't been set yet but an interesting topic.

There was a table in the packet that showed a break down of possible funding categories. As stated the D&E segments will cost \$216 million. To get there federal non-reimbursable funds of \$75 million, another \$33 million in federal reimbursable funds, FWA General Fund \$17 million and a newer category – Southern Friant Kern Canal District, the SFKCDs kicking in \$91 million. I know that doesn't follow the chart but I rounded to the nearest million. The Southern districts are working out if and how this money will be raised but they weren't doing it at this meeting.

There was a good deal of discussion about the way investments, fees, proration, loans, assorted terms will be credited. I have to confess I didn't follow the entire conversation. But it could be illustrated like so drawing from comments and questions in the chat session – does a SFKCD investment change the participation in the full Zone three? One participant strongly suggested a week long workshop to discuss and memorialize this very complicated subject.

Further on Phillips noted SB 559 passed but without any funds in it. SB 559 was pushed by state Senator Hurtado as legislation to fund FKC repairs. Included in the board packet was a signup sheet for contractors interested in participating in Zone Three.

Davis took the next time. The FKC repair is officially called the Friant Kern Canal Middle Reach Capacity Correction Project. Davis introduced the suggestion an ad hoc committee be formed to take some of the heavy lifting on the repair issue off the executive committee and the board. There is going to be need for a flexible, nimble response and extra study required. Should there be an ad hoc? Should the O&M committee take this over? Tantau suggested having the ad hoc include managers and non-FWA directors as well as FWA directors. As he said this is big money and there is a need for folks who know the canal on a day to day basis. Phillips asked Davis about Brown Act concerns. Davis said there is a need to move quickly without notice and closed session yet transparency lends itself to an ad hoc committee. Director **Rick Borges** asked how the confidential information can be shared with non FWA committee members. Davis said this is something to work out. Director **Kent Stephens** was particularly concerned about real estate negotiations remaining and the need to recues if a conflict arises. Phillips pointed out an old draft version of some of the information regarding Zone Three was updated.

Next **Alex Biering**, FWA Government Affairs & Communications Manager and **Johnny Amaral**, Chief of External Affairs gave their reports. Biering started her report saying August 31st was the last day for California to pass legislation. The end season was crazy this year with the Big Marxist Virus and all the wildfires. Infrastructure funding lost out. However, she said Hurtado helped and named **Kip Lipper** – a man known as the unelected senator in some circles. Lipper is a state employee who helps state senators with their bills. I talked with him once but I didn't know who he was and how much juice he has in Sacramento. Good for him.

Consultant **Mike Villines** said SB 559 went to Governor **Gavin Newsom** in time for consideration. The bill asks for an audit of funding and will require DWR to state how much it will give. He also mentioned state Senator **Andres Borges** as working hard on 559. Villines said finding a less controversial way to get the bill forward and although it wasn't the perfect vehicle but it did get some traction.

Next Amaral gave an update on the federal side but he said Villines and others' work has raised enough interest to the point if he had a nickel for everyone who asked him how Friant did it, it'd pay for the canal repairs. He said the feds have a continuing resolution to keep funding the government. The Trump administration is putting WIIN Act money into the spending chute. There is a lame duck session coming up. FWA has been listed as a supporter for Congressman **John Garamendi's** bill introduced today. Camp asked if the ASO funding for \$15 million passes would that reduce the chance of further, permanent funding. Amaral said he thought the opposite. The bill will make it a Bureau authorized project and even some of the enviros like it. Biering said having the ASO established as a Bureau program covering the western states may not guarantee the flights will always be on the San Joaquin River watershed but it does tie in nicely with SJR restoration program. It also puts pressure on the DWR to come to the table with some cash if it wants the glory. Tantau pointed out the Kaweah Watershed is losing two or three manual snow survey sites.

When the Jones Pumping Plant, the San Luis Delta Mendota Canal and the San Luis Reservoir were built the Friant Division of the Central Valley Project had to pay for the benefits it received. This continues to this day and FWA pays O&M costs. There are six pumps at the Jones Plant. They need rewinding and other refurbishing and upgrades. Rewinding these pumps isn't cheap. FWA COO Doug DeFlicht said Friant's share is 40 percent of the costs. There are three options available; a WIFIA Loan, a public offering/bonding and self-funding. It looked to me like the total cost over time will put FWA back from somewhere between \$41 million to \$48 million.

What happens next is Friant goes to the SLDM Water Authority financing meeting later this afternoon and it gets one vote on which option it wants to choose. Phillips said WIFIA was the way to go at one point but at this time there is a sense bonding will be the preferred course. **Don Willard**, FWA CFO (I think, anyway call in user 4 on the Webex screen) said San Luis is concerned on the timing. It wants to start the project in November so the pumps can be active this spring. Phillips suggested asking if any of the participating districts would be able to pay all or part of its share upfront. Willard said he's consulted with consultants about the bond issue and if both Friant and Westlands pay up front it could tank the bonds. Phillips suggested at that point SLDMWA Executive Director **Federico Barajas** use his credit card for the remaining amount. That actually got a laugh. Director Camp asked if Reclamation has been asked about using CVPIA true up funds for this or the FKC repairs or other large O&M projects. Phillips said I believe, yes. But I didn't understand what he said the Bureau's response was.

Porterville, Saucelito and Terra Bella ID GM **Sean Geivet** asked about large O&M, capital improvement projects under the new repayment contract funding. Phillips said the Bureau allowed SLDMWA to charge interest on one project, so that's a type of policy direction.

The last item was to adjourn.

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FRIANT WATER AUTHORITY

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The Friant Water Authority is a Joint Powers Agreement with 15 districts to operate and maintain the Friant Division of the Central Valley Water Project. Water from the San Joaquin River is diverted at Friant Dam at Millerton Lake to the Madera/Chowchilla Canal to the north and the Friant/Kern Canal to the south. More than one million acres of mostly family farms and numerous communities get their surface supplies from the Friant Division.

Staff: CEO Jason Phillips, COO Doug DeFlicht, CFO Don Willard, Government Affairs & Communication Alexandra Biering, Water Resource Manager Ian Buck-Macleod, Superintendent Chris Hickernell and Attorney Don Davis.