

**PANOCHÉ WATER DISTRICT  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING MINUTES  
January 13, 2026**

A regular meeting of the Board of Directors was held on January 13th, 2026, starting at 9:30 am. Those present at the meeting were:

Directors:                 Aaron Barcellos, President  
                              Beau Correia, Vice-President   (Arrived at 9:35 am)  
                              Steve Fausone, Secretary  
                              Neill Callis, Director  
                              Wayne Western, Director

Staff :                     Patrick McGowan, General Manager  
                              Marlene Brazil, Accounting Supervisor  
                              Juan Cadena, Water Resources Manager  
                              Chris Carlucci, Operations & Maintenance Manager  
                              Josh Marquez, Contracts Administrator  
                              Sandra Reyes, Water Master

Others:                   Michelle Gunther, Forefront Power (via Zoom)  
                              Chase Hurley, Water and Land Solutions  
                              Palmer McCoy, Grassland Basin Authority  
                              Phil Williams, Legal Counsel

**CALL TO ORDER**

President Barcellos called the meeting to order at 9:31 am.

**ROLL CALL**

A quorum of the Board of Directors was present.

**POTENTIAL CONFLICTS OF INTEREST**

There were no conflicts of interest.

**PUBLIC COMMENT**

There was no public comment.

**ACTION ITEMS**

**BOARD TO REVIEW AND CONSIDER APPROVING THE DECEMBER 16, 2025, REGULAR BOARD MEETING MINUTES**

Upon a motion by Secretary Fausone and seconded by Director Callis, the Board approved the December 16th, 2025, regular board meeting minutes as presented.

The vote on the motion was as follows:

Ayes:                    Barcellos, Callis, Fausone, Western  
Nays:                   None  
Absent:                 Correia  
Abstain:               None

**MICHELLE GUNTHER WITH FOREFRONT POWER PRESENTING THE BOARD WITH AN UPDATE ON THE SOLAR PROJECT AND UTILITY UPGRADE EXPENSES**

*The board meeting moved on to the next Agenda Item while waiting for Michelle to arrive via Zoom.*

Michelle Gunther with Forefront Power provided the Board with a solar project update on the office lot project. At the last board presentation a Proposed Amended Pricing and Savings was presented with a PPA Rate of nine cents, but Michelle noted that Forefront Power is now requesting a PPA Rate of twelve cents. The increase is a result of \$80,864 in additional utility upgrade costs and Forefront was requesting that PWD absorb nearly \$180,000 into our rates for a low-income tax incentive credit that was lost due to the project not be completed by 12/31/2025. The board moved to discuss this Agenda Item further in Closed Session.

*After Michelle Gunther’s presentation for Forefront Power, the Board meeting resumed with Agenda Item 9, Resolution # 854-25.*

**BOARD TO REVIEW AND CONSIDER ANY PROPOSED AMENDMENTS TO GROUNDWATER CONVEYANCE POLICY**

General Manager Patrick McGowan reported to the Board that the Groundwater Conveyance Policy adopted on April 14, 2020, and revised January 12, 2021, had been reviewed on April 12, 2022, and was on the Agenda for our annual review. The board discussed and reviewed the policy.

**BOARD TO REVIEW AND PROVIDE INPUT ON DRAFT WATER USE POLICY**

General Manager (GM) Patrick McGowan presented the Board with a draft water use policy to review. The GM’s recommendation was to propose any amendments that would add flexibility to our growers, while protecting our interests. The board discussed and reviewed the policy.

*At this time, the Board meeting returned back to Agenda Item 6 – Michelle Gunther’s presentation for Forefront Power via Zoom.*

**BOARD TO REVIEW AND CONSIDER APPROVING PANOCHÉ RETIREMENT PLAN RESOLUTION #854-25 ADOPTING THE SECURE ACT, CARES ACT, AND SECURE 2.0 ACT GOOD FAITH AMENDMENT**

General Manager Patrick McGowan reported that John Hancock Retirement Services was requiring a resolution from Panoche Water District showing the adoption of the SECURE Act, CARES Act, and Secure 2.0 Good Faith Amendment.

After discussion by the Board and upon a motion by Secretary Fausone and seconded by Director Callis, the board approved Resolution #854.25 adopting the SECURE Act, CARES Act, and Secure 2.0 Good Faith Amendment.

The vote on the motion was as follows:

- Ayes: Barcellos, Callis, Correia, Fausone, and Western
- Nays: None
- Absent: None
- Abstain: None

**BOARD TO REVIEW AND CONSIDER APPROVING RESOLUTION #855-25 ADOPTING THE PANOCHÉ WATER DISTRICT RETIREMENT PLAN**

General Manager Patrick McGowan reported that there was a name change from the Panoche Water District 401 (k) Profit Sharing Plan to the Panoche Water District Retirement Plan and John Hancock Retirement Services needed an approved resolution to certify the name change.

After discussion by the board and upon a motion by Director Calis and seconded by Vice-President Correia, the board approved Resolution #855-25 adopting the Panoche Water District Retirement Plan.

The vote on the motion was as follows:

Ayes: Barcellos, Callis, Correia, Fausone, and Western  
Nays: None  
Absent: None  
Abstain: None

**FINANCIAL REPORTS**

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2025 Budget-to-Actual Report**
- D. Other Financial Matters Affecting the District**

After discussion by the Board and upon a motion by Director Callis and seconded by Secretary Fausone, the board approved the financial reports as presented by Accounting Supervisor Mrs. Brazil.

The vote on the motion was as follows:

Ayes: Barcellos, Callis, Correia, Fausone, Western  
Nays: None  
Absent: None  
Abstain: None

**DIVISION REPORTS**

**A. Water Master Sandra Reyes gave the Water Supply Update as of January 1, 2026:**

San Luis Reservoir Total Storage:	<u>1,397,244 AF</u>
San Luis Reservoir Federal Storage:	<u>437,678 AF</u>
San Luis Reservoir % of Total Capacity	<u>68% (100% = 2,041,000 AF)</u>
San Luis Reservoir Federal % Share	<u>31%</u>
<i>Average 1,277,307 AF – As of January 1 – Overall at 109% of average</i>	

**Panoche Update as of January 1, 2026:**

USBR 2025 Water Balance:	<u>16,527 AF</u> (55%)
USBR Resch. Water Balance	<u>0 AF</u>
December, 2025 Grower Deliveries:	<u>374 AF</u>
Total Deliveries to date (Mar-Dec):	<u>53,495 AF</u>

*The water figures do not include the Drought Pool of 2,350 AF. (Filled drought pool back up this month.)*

Ms. Reyes also reported on the following water department activities that occurred in December:

- The November O&M billings, Interest billings, and M&I Water billings were completed and mailed out.
- December’s Water Usage, Interest, and M&I Billings will go out on 1/15/2026.
- Colored and reported December’s Water, M&I, and Transfer Usage for PWD for the DMC and SLC to SJRECWA/SLDMWA/USBR/DWR.
- Finalized the Water Payment Summaries for the DMC & SLC to the USBR & SLDMWA for December.
- Finalized the PDD and PWD Board Meeting Minutes for last month’s meetings.
- Reconciled all the bank statements and Fresno County Fund for the month of December for all Districts.
- Processed the Board Meeting AR Reports for PDD & PWD

- Reached out to growers regarding their delinquencies for both PDD & PWD
- Updated the Water Forecast Scenario spreadsheet for the board meeting.
- Attended another training seminar via Zoom with Streamline.
- Updated the PWD WY 2025-2026 Water Inventory File for December
- Attended two FPPC Training Webinars on 700 Forms and duties as a Filing Officer
- Still working on a project for Juan of the overall District map APN's and ownership / researching and updating to current / Currently on Division I out of V.
- Processed the 2<sup>nd</sup> Installment of the Land O&M Assessment Billing on 12/29/2025 for \$ 177,056.53.
- Starting to work on the PWD WY 2026-2027 Water Cost Rate Budget.
- Note: Letters Rec'd by 12/31/2025:
  - 1-8-26 - Allocated and billed 660 AF of Tier 2 Supplemental Water to be rescheduled at \$320/AF = \$ 211,200.00
  - 1-9-26 - Issued credit for (1,374 AF) of USBR Water @ \$103/AF = (\$ 141,522.00)

Ms. Reyes presented the Board with the District's Water Accounting Spreadsheet for December for WY 25-26, a graph of the current reservoir conditions, as well as graphs specific to the San Luis Reservoir, and the forecasted water scenario. Ms. Reyes also presented the board with a preliminary draft budget of the water cost rates for discussion. Water Resources Manager Juan Cadena presented the board with a total water delivery graph for the month of December, as well as water quality graphs for the District.

**B. Operations and Maintenance Manager Chris Carlucci, reported on the following operations and maintenance activities that occurred in December:**

- General Maintenance.
- Staff replaced Turnout 21 head gate and discharge pipe.
- Staff made a new weir board riser for the 10E-2 ditch. (82E turnout)
- Staff installed a new flow meter bracket for Turnout 34.
- Staff installed a new head gate frame for Turnout 71N.
- Weed Control – Staff sprayed pre-emergent on PWD Main Canal, T-Canal, and Lateral 2 & 3.
- Water Treatment Plant – Installed new 6-inch Aquamatic valve for backwash system.
- Pacheco WD – No Activity.
- GBA - Staff started spraying pre-emergent on SLD.
- Preventative Pump Maintenance Plan. (work in progress)

Mr. Carlucci also gave an update on the Contour Canal Project explaining that McElvaney had cut and graded the ground from Nees to Herndon and was now ready to pour the cement. Herndon to Lateral 2 they were are also cutting to grade. Lateral 2 to Station 6 E is cut and graded and we are ready to pull the first section out for farm crossing.

**C. Contracts Administrator Josh Marquez, reported on the following ethics, compliance, and risk management activities that occurred in December:**

- I. Update on Forefront Solar Project
- II. Update on USBR Water Smart Grant Project for Contour Canal and Expenses

**Ethics and Compliance:**

- No calls were reported to the Hotline for the month of December.
- Trained staff on Ethics and Compliance Program and Code of Conduct.

Risk Management:

- Safety Compliance Company conducted safety training on Accident and Incident Reporting.

Contract Administration:

- Contour Canal – McElvaney crew has begun removing structures and lime treatment of canal. Daily inspections are being sent to Chris Linneman and USBR staff.
- Reviewed Frontier Phone Line Account. Frontier average bill was \$600 per month with call quality issues during the winter. Xobee Voice Over IP is \$ 300 per month, entered into contract and quality has improved and digital phones have better user friendliness.

Contracts Administrator Josh Marquez also presented the board with pictures of the Contour Canal project's progress.

- D. **Accounting Supervisor Marlene Brazil, in the absence of Human Resources Diana Moses, reported on the following risk management and human resources activities that occurred in December:**

**Workers' Compensation Update: No Changes**

Currently there is one active open workers' compensation claim:

- The employees' claim has been resolved with 0% permanent disability: however, the employees does have future medical. According to the labor code, the claim will remain open for 2 year from the last treatment, which was on 1/20/25, and can be closed as of 1/20/27.
- There were no new claims in December.

**Employee Anniversaries:**

- Josh Marquez: 16 years. Josh was hired on December 1, 2009.

**Recognition:**

- PWD & PDD received the ACWA-JPIA "President's Special Recognition Award". Each year at the ACWA-JPIA Fall Conference, members are recognized for a Loss Ratio of 20% or less in Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).
- Josh Marquez has successfully completed the SCCE Anaheim Basic Compliance and Ethics Academy.

- E. **Other Matters:**

GM McGowan noted that there was nothing further to report on for December.

**BOARD TO RECEIVE UPDATES AND PROVIDE INPUT ON PRELIMINARY BUDGET DISCUSSIONS FOR WATER YEAR 2026-2027**

GM McGowan presented the board with a preliminary draft of the budget for Water Year 2026-2027 explaining that staff had met a couple of times and still had some things to finalize before presenting the final draft to approve.

**BOARD TO RECEIVE UPDATES ON PERMANENT CROP MAP AND SUPPLEMENTAL WATER NEEDS FOR WATER YEAR 2026-2027**

Water Resources Manager Juan Cadena presented the board with an annual water demand spreadsheet that showed the different crops, acreage, and age of trees planted within the District. Utilizing this information, Mr. Cadena was able to predict an annual water demand needed to supply to our growers.

**BOARD TO RECEIVE UPDATES FROM STAFF ON VARIOUS MATTERS AFFECTING THE DISTRICT**

General Manager Patrick McGowan reported on various items that had been completed, or were ongoing, on the Action Items List presented – dated December 16th, 2025, and answered any questions that the Board had.

## **GENERAL MANAGER'S REPORT**

GM McGowan gave the following manager update for the month of December.

### **A. SGMA:**

#### **I. Central Delta Mendota GSA:**

GM McGowan reported that the Central Delta Mendota GSA met on December 16<sup>th</sup>, 2025, and discussed the next step in the well consensus and moving forward with volumetric pumping rates. GM McGowan noted that both Widren and Oro Loma Water Districts have entered the CDMGSA as full participating entities.

#### **II. Delta Mendota Subbasin Coordination Committee:**

GM McGowan reported that the Delta Mendota Subbasin Coordination Committee's budget has been approved with the caveat that \$505,000 is set aside for the model calibration but can't be spent prior to action from the Board. Mr. Chase Hurley of Water and Land Solutions reported that the transition away from the SLDMWA is expected to take place in the next 60 to 90 days. Although the San Luis and Delta-Mendota Water Authority (SLDMWA) has agreed to backstop if needed for the next 6 months.

- B. Domestic Water Treatment Plant PER Update:** GM McGowan reported that he and Mr. Juan Cadena have had discussions with Blackwater Engineering and the preliminary engineering report should be finalized in a week, or two. Once that is completed, the planning application process for funding will begin.
- C. SWRCB Water Rights Fee Calculation:** GM McGowan reported that it took Mrs. Marlene Brazil a lot of effort to track down the explanation for the fee. The fee is calculated by  $(\text{Contractor Water Amount} / \text{Total CVP Project Water}) \times \text{USBR Total Fee Amount} = \text{Contractor Annual Fee}$
- D. Healthy Rivers and Landscapes Fee:** GM McGowan reported that last year a \$10/AF Healthy Rivers and Landscapes Fee was collected as instructed by the SLDMWA in the water rates, but in talking with Mr. Federico Barajas of the SLDMWA, there is no current action to continue to collect that fee this upcoming water year.
- E. Brackish Water Recovery Project:** GM McGowan noted that there was no new activity to report.
- F. Water Supply, Storage, and Conveyance Discussions:** GM McGowan reported that this would be discussed further in Closed Session.
- G. Subsidence Monitoring Report:** GM McGowan presented the Board with a Subsidence Monitoring Report that had been done for Merced and Fresno County by Provost & Pritchard in November, 2025, for their review.

GM McGowan reported to the Board that he and Water Master, Sandra Reyes would be attending the Water Users Conference in Reno being held from January 27<sup>th</sup> – 29<sup>th</sup>, 2025. Water Resources Manager, Juan Cadena would be attending the California Water Institute Conference in Sacramento being held January 25<sup>th</sup> – 26<sup>th</sup> 2025. GM McGowan noted that if any board members were interested in attending the water users conference to please let staff know, so their accommodations could be made.

## **REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**

No other items.

**PANOCHÉ WATER AND DRAINAGE DISTRICTS JOINT CLOSED SESSION: Conference with Legal Counsel**

At 11:39 am, the Board met in Closed Session to have discussions with legal counsel related to anticipated litigation. At 11:46 am, Mr. Williams reported that no reportable actions were taken in Closed Session.

**PANOCHÉ WATER DISTRICT CLOSED SESSION:**

At 11:55 am, the Board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 12:24 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

**FUTURE MEETING DATES**

- A. Next Regular Board Meeting Date: February 10th, 2026, at 9:30 am.

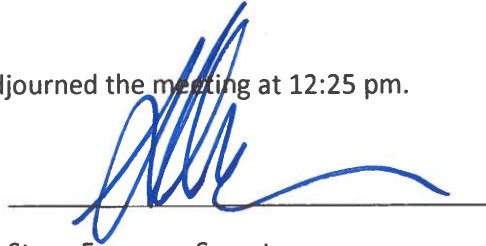
**ADJOURNMENT**

With no further business, President Barcellos adjourned the meeting at 12:25 pm.



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Aaron Barcellos, President



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Steve Fausone, Secretary