

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
October 15, 2024**

A regular meeting of the Board of Directors was held on October 15, 2024, starting at 9:30 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
Beau Correia, Vice-President
Steve Fausone, Secretary
Neill Callis, Director
Wayne Western, Director

Staff : Patrick McGowan, General Manager
Marlene Brazil, Accounting Supervisor
Chris Carlucci, Maintenance Manager
Sandra Reyes, Water Master

Others: Fausto Hinojosa, Price, Paige, & Company (Via Telephone)
Palmer McCoy, GBA
Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 10:16 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 ACCEPTING AS FINAL THE PRICE, PAIGE, & COMPANY DRAFT AUDIT OF THE FINANCIAL STATEMENTS FOR THE FISCAL-YEAR ENDING FEBRUARY 28, 2024, SUBJECT TO ANY FURTHER BOARD DIRECTION

Price, Paige, & Company's Auditor Mr. Fausto Hinojosa presented the board with the draft audit for the fiscal year ending February 28, 2024. Mr. Hinojosa reported that all audit procedures and transactional testing were completed and that Price, Paige, & Company has issued an unmodified clean opinion of the audit. Internal Controls have been evaluated and audited and management was very transparent and provided the information requested. Mr. Hinojosa also reported that no weaknesses, or internal control issues were identified by the auditor. After discussion by the board and upon a motion by Director Callis and seconded by Vice-President Correia, the board accepted the financial statements for the fiscal year ending February 28, 2024, as final.

The vote on the matter was as follows:

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

BOARD TO REVIEW AND CONSIDER APPROVING THE SEPTEMBER 10, 2024, REGULAR BOARD MEETING MINUTES

Upon a motion by Director Callis and seconded by Secretary Fausone, the board approved the September 10, 2024, regular board meeting minutes as presented.

The vote on the motion was as follows:

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

BOARD TO REVIEW AND GIVE DIRECTION TO STAFF REGARDING THE SUBSIDENCE MITIGATION POLICY ALONG THE DELTA-MENDOTA CANAL WITHIN THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT’S DELTA MENDOTA SUBBASIN

The Board of Directors decided to table this Agenda Item and discuss it further in Closed Session.

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 Vice-President Correia 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 October 1, 2024:

San Luis Reservoir Total Storage:	<u>1,011,194 AF</u>
San Luis Reservoir Federal Storage:	<u>371,392 AF</u>
San Luis Reservoir % of Total Capacity	<u>50% (100% = 2,041,000 AF)</u>
San Luis Reservoir Federal % Share	<u>36%</u>

Panoche Update as of October 1, 2024:

USBR 2024 Water Balance:	<u>21,824 AF</u>
USBR Resch. Water Balance	<u>0 AF</u>
September, 2024 Grower Deliveries:	<u>4,062 AF</u>
Total Deliveries to date (Mar-Sept):	<u>46,061 AF</u>

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

- The August O&M, Interest, and M&I billings were completed and mailed out mid-September.
- September's Billings will go out on 10/16/24 due to board meeting schedule.
- Colored and reported September's Water, M&I, and Transfer Usage for PWD for the DMC and SLC to SJRECWA/SLDMWA/USBR.
- Need to allocate Grower transfer and well water for September billings.
- Working on the Water Payment Summaries to the USBR & SLDMWA for September.
- Finished the PDD and PWD Board Meeting Minutes for last month's meetings.
- Reconciled all the bank statements for the month of September for all Districts.
- Processed the Board Meeting AR Reports.
- Have Collected the Tier 3 water costs from everyone who had applied for it. (Updated spreadsheet attached)
- Still need to work on crediting growers prior to Prop 218 that are past due.

Ms. Reyes presented the Board with the District's Water Accounting Spreadsheet for September for WY 24-25, the District's Power and Reclaimed Water spreadsheet for September, a Tier 3 Supplemental Water spreadsheet for September, and a Water Forecasted spreadsheet that shows where we'll end up at the end of the water year.

Water Resources Manager Juan Cadena presented the board with a total water delivery graph, a water quality graph for the Main Station and another water quality graph for the T-Canal.

B. Maintenance Manager Chris Carlucci reported on the following operations and maintenance activities that occurred in September:

- General Maintenance.
- Staff replaced 3 air vents on the Recirculation Plant pipeline.
- Staff made repairs to 10E-2 Domestic Pipeline on Russell Ave. and Shaw Ave.
- Staff made pipe lid covers for overflow for PWD main canal at station #3 and #4.
- Weed Control – Staff sprayed PWD Main Canal, T-Canal, Contour Canal, Lateral 2 & 3 ditch, 11-E ditch, and 34 ditch. For Canal Water Treatment, 11-E ditch and T-Canal station 3.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)
- Started working on Winter Project List.
- Started working on Chemical Budget for WY 2025-26.
- Mr. Carlucci would like to purchase some chemicals through the EOP through Clear Channel/VM and SePRO. He would also like to increase the Chemical budget for WY 25-26. PDD will be taking over approximately six miles of drainage ditch next year. The chemicals he would like to purchase are a little more per gallon than what the District has been purchasing, but by using a better chemical, we should be able to cut the cost of weed control and canal treatment by 30%, or more. This year we had to do a lot more spraying. In some cases, we had to spray some locations 2-3 times just to kill the weeds. For canal treatment, it was the same. We are using more chemical and more man hours on the cheaper product. Mr. Carlucci explained that he has talked with multiple water districts about what chemicals they are using for weed

control and water treatment. They are all using the same product. Mr. Carlucci would also like the District to use that same product.

- Started pulling Recirculation pumps for yearly maintenance & repairs.
- Maintenance and Chemical Staff have attended Cal/OSHA 10 Hour Construction Safety Class.

Mr. Carlucci also talked to the board about installing a wire fence in some areas of the District to help with the leave issue. He discussed the possibilities of how the District could help.

C. Domestic Water Treatment Plant:

General Manager Patrick McGowan reported that the District is waiting on the Preliminary Engineering Report still being finalized by Jim Gartung Engineering. The District's intent on continuing to work with Gartung Engineering on this project was discussed. McGowan mentioned following up with an additional engineering firm to discuss. Mr. McGowan also noted that the District is currently working with Bennett Farms on transitioning from treated to raw water on all landscaped areas. Additionally, it was mentioned that Canal Man Mike Gonzalez has signed up and will be attending a four-day Water Treatment Operator course.

D. General Manager Patrick McGowan, in the absence of Contracts Administrator Josh Marquez, reported on the following ethics, compliance, and risk management activities that occurred in September:

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 on the Speak-Up Hotline for the month of September.
- Compliance training of all employees conducted for the 2-hour Ethics & Compliance and Code of Conduct Training.

Risk Management:

- Safety Compliance Company conducted safety training on Basic First Aid and Covid-19. This month's training will focus on safety practices during wintertime operations.

Contract Administration:

- Contour Canal – No significant updates. Monthly call with USBR, Applied Earthworks, and Engineer Chris Linneman attended. Mr. Linneman urged the USBR of the importance to stay on track to ensure construction will be completed in 2025 given logistical and hydrological constraints.
- Forefront – Monthly meeting attended; Forefront estimates Phase 1 project completion by December 2025. Phase 1 switchgear will be ordered this month with up to 52-week delivery. Phase 2 (Linneman Site): Interconnection study results delayed by PG&E estimated to be received by 10/31/2024.
- WaterSMART Grant Opportunities – No response from Taylor Blakslee. Will research Grant and other consultants.

E. 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 September:

- YTD we have six open workers compensation claims:
 - All employees have returned to work.
 - One employee continues to be on modified duties and hours.

- The other employees have returned to work with no restrictions, and are still under medical care.
- 3 Claims should close by Late November, Early December.
- There were no new claims in September.

During our monthly Safety Meeting held on September 26th, 2024, the following information was communicated to the staff:

- Employees received a copy of the Board Approved Employee Handbook.
- Employees were made aware that our Open Enrollment for 2025 will begin October 1st, 2024 – November 8th, 2024. Employees were also given copies of our Summary Benefits and other information pertinent to Open Enrollment.

Employee Anniversary / Recognition:

- Carl Westbrook – 46 years. Carl was hired on September 11, 1978.
- Arnold Jorge – 38 years. Arnold was hired on September 29, 1986.
- Sandra Reyes – 24 years. Sandra was hired on September 27, 2000.
- Juan Cadena – 16 years. Juan was hired on September 22, 2008.
- Patrick McGowan – 1 year. Patrick was hired on September 5, 2023.

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

Staff reported on various items that had been completed, or were ongoing, on the Action Items List presented - dated September 10th, 2024. General Manager Patrick McGowan pointed out that Water Resource Manager Juan Cadena had provided the board with an explanation on the well water charges, as well as a map of the well locations. Mr. McGowan also reviewed the rest of the list with the Board and answered any questions they had.

GENERAL MANAGER’S REPORT

GM McGowan gave the following manager update for the month of September:

- A. Sustainable Groundwater Management Act:** Mr. McGowan reported that the SGMA Coordination Committee meeting was held yesterday and the focus of discussion were the subbasin’s pumping reduction plans, domestic well mitigation plans, and the fourth amendment to the Memorandum of Agreement.
 - I. Central Delta Mendota SSMA:** Mr. McGowan reported that the corrective pumping limit in the CDM Groundwater Sustainability Agency Subsidence Policy has been increased from a ¼ AF per acre to ½ AF per acre. Region A has also been extended from ½ mile to 1 mile from either side of the DMC. Mr. McGowan also noted that there have been conversations with the San Joaquin River Exchange Water Contractors regarding their ability to provide mitigation water to assist with our subsidence pool.
- B. Los Vaqueros Expansion Project:** Mr. McGowan has been in contact with Mizuno Consulting on finalizing PWD’s business case scenario.
- C. Water Supply, Storage, and Conveyance Discussions**
 - I. Water Banking Opportunities** – Will be discussed in Closed Session.
 - II. Draft Term Sheets** – Will be discussed in Closed Session
 - III. Tier 3 Water** - Mr. McGowan reported that the sales of the Tier 3 Supplemental Water are going well, and all the costs have already been paid for by the growers that applied.
 - IV. District Wells** – McGowan discussed well 48 and there was a quick discussion with the board on their willingness to support the repair and maintenance cost associated with its repair.

D. SLDMWA

- I. Healthy Rivers & Landscape Fee:** Mr. McGowan reported that the State Water Resources Control Board is currently considering updates to its 2006 Water Quality Control Plan. This affects us because the SLDMWA and water users, through its Voluntary Agreements, have committed to certain flows and funds. Flow commitments borne by south of delta contractors will be met by 1) CVP export cuts, and 2) Flow contributions to a water purchase program. To fund both the water purchase program and the science component of the HRL Program, Reclamation and CVP south-of-delta water agencies have committed to paying \$10/AF of exported water. To collect the \$10 charge, the SLDMWA will draft an Activity Agreement that will be provided to all south-of-delta CVP contractors with anticipated payment obligations.
- E. Proposition 218 Bond Reconciliation:** Mr. McGowan reported that staff has been given direction by the Panoche Board of Directors to move forward with retaining Fresno County Tax Assessor to process the refund of the over collection of Proposition 218 WINN ACT assessments collected and paid to Panoche Water District by Fresno County. Fresno County will charge a fee of \$18.60 per the 300 APN's to process the refunds. The District is currently working with Fresno County and are uncertain about the timeframe of when the refunds will be processed.
- F. ACWA Water Forum:** GM McGowan briefly discussed topics addressed at the meeting held at Harris Ranch, and mentioned contacts he was able to make while attending.

At approximately 11:57 am, President Barcellos announced that the Water District meeting would be taking a five-minute break.

At approximately 12:03 pm, President Barcellos announced that the Water District meeting would resume.

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

No other items.

FUTURE MEETING DATES

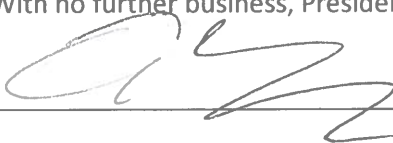
- A. Next Adjourned Special Meeting Date: November 12th, 2024, at 9:30 am.

PANOCHÉ WATER AND DRAINAGE DISTRICTS JOINT CLOSED SESSION: Conference with Legal Counsel
At 12:08 pm, the Board met in Closed Session to have discussions with legal counsel related to anticipated litigation. At 12:25 pm, Mr. Williams reported that no reportable actions were taken in Closed Session.

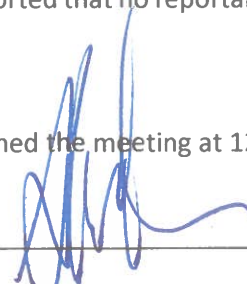
PANOCHÉ WATER DISTRICT CLOSED SESSION:
At 12:26 pm, the Board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 12:50 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 12:51pm.



Aaron Barcellos, President



Steve Fausone, Secretary