

**PANOCHÉ WATER DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
April 16, 2024**

A regular meeting of the Board of Directors was held on April 16, 2024, starting at 10:00 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 :                     Marlene Brazil, Accounting Supervisor  
                                  Juan Cadena, Water Resources Manager  
                                  Chris Carlucci, Maintenance Manager  
                                  Josh Marquez, Contracts Administrator  
                                  Patrick McGowan, General Manager  
                                  Sandra Reyes, Water Master

Others:                    Michael Linneman, Linneman Ranches  
                                  Michelle Gunther, Forefront Power  
                                  Palmer McCoy, GBA  
                                  Chase Hurley, Water and Land Solutions  
                                  Phil Williams, Legal Counsel

**CALL TO ORDER**

President Barcellos called the meeting to order at 10:00 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**

**MICHELLE GUNTHER AND SAM ZANTZINGER FROM FOREFRONT POWER ARE PRESENTING THE BOARD WITH AN OVERVIEW OF THE SOLAR SCOPE UPDATE**

Mr. Sam Zantzingler with Forefront Power (Forefront) explained to the board that they have been developing solar projects for the last decade and are very active in Fresno County. Forefront currently is working with Panoche Water District (PWD) staff on two solar projects to offset the Districts energy usages. PG&E approved the configurations and Board approval was given in 2022, however PG&E has been in a holding pattern since then. It has taken a year to get the initial Phase 1 study completed. While waiting for the study to be completed, borrowing costs have increased. Over a 35% increase in labor alone

in the O&M sector. Utility price increase however have escalated at an even greater rate. Even with increased project costs, Forefront projects that in Year 1 our savings would be \$ 240,563 and in 20 Years our savings would total \$ 8,317,970 for the initial Phase 1 development. These rates are assuming a 2.7% Annual Utility Energy Rate Increase and a 5% Utility Demand Rate Increase. Phase 2 is currently in the same PG&E holding pattern under review. Forefront will conduct the surveying and permitting, and it might take up to a year to be at a construction start Hase 1. \$191,000 is needed for substation upgrades for the initial project, and projections are the same for Phase 2. After discussion, the Board requested a cost analysis from Forefront, showing the construction cost financed or paid in full by the District.

*At approximately 10:25 am, President Barcellos adjourned the Water District meeting to resume the Drainage District meeting that had been suspended at 9:59 am.*

*At approximately 12:24 pm, President Barcellos announced that the Water District meeting would resume.*

*Director Steve Fausone had to leave the Panoche Water District meeting.*

#### **THE BOARD TO REVIEW AND CONSIDER THE PANOCHÉ WATER DISTRICT'S DRAFT SOLAR POLICY**

General Manager Patrick McGowan presented the Board with a preliminary draft solar policy. The District had also taken a look at both San Luis Water District's (SLWD) policy and Westlands Water District's (WWD) policy. Mr. McGowan explained that certain Growers have requested a District solar policy on the request of their Title Insurance Company. After discussion by the Board, Mr. McGowan was given directions to review SLWD's policy protections in place for the District. It was requested that a second draft be developed and brought back to a future meeting for review and discussion.

#### **THE BOARD TO REVIEW AND CONSIDER APPROVING THE MARCH 12, 2024, REGULAR BOARD MEETING MINUTES**

Upon a motion by Director Callis and seconded by Director Correia, the board approved the March 12, 2024, regular board meeting minutes as presented by Water Master Sandra Reyes. The vote on the motion was as follows:

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

#### **FINANCIAL REPORTS**

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2024 Budget-to-Actual Report**
- D. Other Financial Matters Affecting the District**

Upon a motion by Director Callis and seconded by Director Correia, the board approved the financial report as presented by Accounting Supervisor Mrs. Brazil. The vote on the motion was as follows:

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

**THE BOARD TO REVIEW AND CONSIDER AMENDING THE PROPOSED BUDGET FOR FISCAL YEAR ENDING FEBRUARY 28, 2025, AS WELL AS CONSIDER APPROVING THE WATER RATE STRUCTURE**

After discussion by the Board, it was decided that the O&M acre-foot base would be changed from 45,000 AF to 48,000 AF. Upon a motion by Director Callis and seconded by Director Correia, the Board approved amending the proposed budget for the fiscal year ending February 28, 2025, and approved the proposed WY 2024-25 water rate structure. The vote on the motion was as follows:

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

**THE BOARD TO REVIEW THE PANOCHÉ WATER DISTRICT DELINQUENCY POLICY**

General Manager Patrick McGowan presented the Board with a delinquency policy from September 11, 2018, and a second delinquency policy that was approved on November 8, 2022. After discussion by the Board, they requested that both policies be combined into one policy that clearly defines the time-frames and steps staff must take in addressing delinquencies. The Board asked that it be brought before the Board for approval next meeting.

**THE BOARD TO REVIEW THE CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY (CDMGSA) SUBSIDENCE POLICY**

General Manager Patrick McGowan presented the board with the latest draft of the CDMGSA subsidence policy stating that Region A Districts have continued to place in meeting agendas for continued discussion. An implementation date of 1/1/2025 is expected for the policy.

**THE BOARD TO REVIEW AND CONSIDER APPROVING RESOLUTION # 847-24 AUTHORIZING EXECUTION OF A SETTLEMENT AGREEMENT WITH THE GRASSLAND BASIN AUTHORITY**

General Manager Patrick McGowan presented the board with the Settlement Agreement between Panoche Water District and the Grassland Basin Authority explaining that the Settlement Agreement would be executed later in the week. Upon a motion by Director Callis and seconded by Director Western, the board approved Resolution # 847-24 authorizing the execution of the Settlement Agreement with the Grassland Basin Authority. The vote on the motion was as follows:

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

**DIVISION REPORTS**

**A. Water Master Sandra Reyes gave the Water Supply Update as of April 1, 2024:**

San Luis Reservoir Total Storage:	<u>1,485,252 AF</u>
San Luis Reservoir Federal Storage:	<u>962,771 AF</u>
San Luis Reservoir % of Total Capacity	<u>73%</u>

**Panoche Update as of April 1, 2024:**

USBR 2024 Water Balance:	<u>55,514 AF</u>
March, 2024 Deliveries:	<u>1,992 AF</u>
Total Deliveries to date (Mar):	<u>1,992 AF</u>

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

- The February O&M, Interest, and M&I billings were completed and mailed out on 3/15/24.
- Worked on getting everyone to submit their 700 forms – still missing 2 people.
- Allocated the Rescheduled, Supp'l, and 35% USBR Water
- The rescheduling water costs have been invoiced (Explain rate differential)
- Working on reconciling the USBR FY2023 Water Deliveries and Charges.
- Will bill my water costs for Supp'l and USBR Water once the water rates have been approved.
- Will be billing PDD 1<sup>st</sup> Installments this month, as well as CDD's.
- Still need to complete the Water Inventory and Rate Assignment spreadsheets for the Auditor for WY 2023-24
- Tabulating Information for Crop Reports

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

- General Maintenance.
- Installed new flow meter at TO #17.
- New catwalks and staircase were installed at TO #17.
- Lateral 2 204 Box head gate repairs.
- Installed new liner on Millux Ditch (See Pictures enclosed).
- Weed Control – We sprayed Lateral's 2 and 3, 11-E ditch, and Russell ditch.
- Worked on EPA Account for PWD. Updating Annual Verification Questionnaire Report.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)

Mr. Carlucci also reported that McElvaney is going to start the line boring underneath the road to install the new weir and box for the new turnout on Lateral 2 for Hanna.

**C. Water Resources Manager Juan Cadena reported on the following Domestic Water Treatment Plant activities that occurred in March:**

- On March 20, 2024, the Water Quality JPA took no action on Panoche Water District's (PWD) request that PWD connects to the Dos Palos raw water pipeline. The JPA requested their staff to provide a view on if the 200 gpm would have any impact to the operations of the City of the Dos Palos water plant in the summer months.
- On March 22, 2024, the District received the Surface Water Treatment Plant Construction budget from Engineer Jim Gartung. Staff forwarded the budget to Joel Greathouse with the State Water Resources Control Board (SWRCB). Staff reached out to set up a meeting with SWRCB and a meeting has been set for next Wednesday
- General Manager Patrick McGowan reported also that he still working with Self Help Enterprises to see about getting assistance for the additional 40 outlet service connections.

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

Ethics and Compliance:

- Mr. Marquez attended classes hosted by the Society of Corporate Compliance and

Ethics – Basic Compliance and Ethics Academy where an array of learning objectives were covered including compliance overview, compliance oversight and structure, program risks and structure, best practices, auditing and monitoring, conflicts of interest, due diligence, anti-corruption concerns, etc.

- Mr. Marquez noted that he would like to personally thank the District for the opportunity to attend this academy. It helped him to appreciate the complexity and importance of this role with the District.
- No calls were reported on the Speak-Up Hotline.

**Risk Management:**

- Safety Compliance Company conducted safety data sheet, lockout tag out, flagging, confined space, and respiratory fitting training. Safety training for the month of April will be focused on back safety, proper lifting, and stretching.

**Contract Administration:**

- Mr. Marquez reported that on the Contour Canal, a meeting is set for Thursday 4/18 between Panoche staff and Summers Engineering to discuss logistics of construction and possibility of spreading out work to ensure deliveries. A semi-annual report is due by 4/30 and will be submitted this week.
- Mr. Marquez reported that an \$800 ACWA Wellness grant was issued for 2024/2025 and the District used this grant to provide step trackers to the employees for a voluntary Step Challenge for March and April. In the month of March, employee Rafael Marquez won with a total step count equaling 212 miles. All participants cumulatively walked 1,049 miles in March.

**E. Accounting Supervisor Marlene Brazil reported on the following human resources activities that occurred in March for Diana Moses:**

**Workers Compensation:**

- Two claims remain open.
- One employee has returned to work with modified duties.
- One employee has been returned to work without restrictions, with physician's follow-up visits.

**Other Matters:** No Other Matters to report.

**THE BOARD TO RECEIVE AN UPDATE ON THE USBR WATER SMART GRANT PROJECT FOR THE CONTOUR AND CANAL EXPENSES**

Mr. Marquez noted that he had covered this item in his Ethics report that was given.

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

Staff reported on various items that had been completed on the Action Items List from the previous board meeting held on March 12, 2024. Mr. Cadena reported that he is following up with the Fresno State Ag monitoring pump efficiency testing program, and Cal Poly finalizing Dr. Burt's study. Mr. Carlucci also noted that he is working with Risk Management Assistant Diana Moses on plates, and long-term truck rental acquisitions.

**GENERAL MANAGER'S REPORT**

GM McGowan gave the following manager update for February:

**A. Outreach Efforts**

Mr. McGowan reported that he recently met with David Cory of SJVDA and Camp 13 to broaden his understanding of nitrates and salts. Mr. McGowan also participated in a Firebaugh Canal Water District board meeting and got to know their board better and gain knowledge.

**B. Sustainable Groundwater Management Act**

**I. Central Delta Mendota SSMA** - Mr. McGowan reported that at the last committee meeting held there were tough conversations that were had on both subsidence and on pumping. Mr. Chase Hurley was present and spoke to the State Water Resources Control Board about the subsidence policy that will be submitted by July.

**C. Los Vaqueros Expansion Project** Mr. McGowan reported he was working with LVE representatives to provide a cost analysis to the Board of Directors for review, to determine Panoche's business case moving forward.

**D. Water Storage and Conveyance Discussions:** Nothing to report at this time.

**E. San Luis Delta Mendota Water Authority (SLDMWA)**

Mr. McGowan reported that at the SLDMWA Board meeting, the USBR Commissioner was present and took questions from the group over the allocations presented for the south of Delta contractors. The SLDMWA also held a luncheon and tour of the O'Neill Pumping Plant that the Governor attended. The Governor's topic of discussion was awarding funding for floating solar pads on the Delta Mendota Canal.

**F. Other:**

Mr. McGowan reported that the District Althea home had sold.

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

No other items.

**FUTURE MEETING DATES**

A. Next Regular Meeting Date: May 14, 2024

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

At 11:29 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation. At 12:00 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

**PANOCHÉ WATER DISTRICT CLOSED SESSION:**

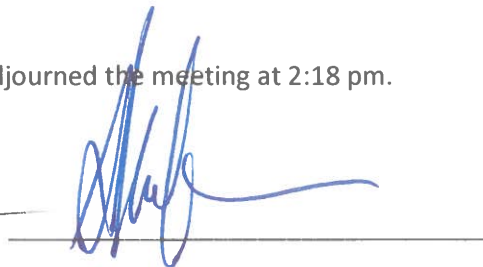
At 12:01 pm, the board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 12:09 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

**ADJOURNMENT**

With no further business, President Barcellos adjourned the meeting at 2:18 pm.



Aaron Barcellos, President



Steve Fausone, Secretary