

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
May 21, 2024**

A regular meeting of the Board of Directors was held on May 21, 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 : Patrick McGowan, General Manager
Juan Cadena, Water Resources Manager
Chris Carlucci, Maintenance Manager
Josh Marquez, Contracts Administrator
Sandra Reyes, Water Master

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

CALL TO ORDER

President Barcellos called the meeting to order at 10:20 am.

ROLL CALL

A quorum of the Board of Directors was present.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts of interest.

PUBLIC COMMENT

Mr. Chase Hurley from Water and Land Solutions representing Pacheco Water District (PAC) expressed his gratitude and appreciation for the openness and cooperation of the Panoche Water District staff and how helpful they have been with the PAC staff.

ACTION ITEMS

THE BOARD TO REVIEW AND CONSIDER APPROVING THE APRIL 16, 2024, REGULAR BOARD MEETING MINUTES

After discussion by the Board, it was suggested that the officer's titles be listed. It was also noted that Mr. Chase Hurley was present at the last board meeting and the minutes for both the Panoche Drainage District and the Panoche Water District needed to be corrected to reflect. Upon a motion by Director Callis and seconded by Vice-President Correia, the board approved the April 16, 2024, regular board meeting minutes with the changes noted, that Water Master Sandra Reyes had presented.

The vote on the motion was as follows:

Ayes: Barcellos, Callis, Correia, Fausone, Western
Nays: None
Absent: None
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 Secretary Fausone and seconded by Director Callis, the board approved the financial report as presented by Water Master Sandra Reyes for Accounting Supervisor Mrs. Brazil, who was absent.

The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER APPROVING THE PANOCHE WATER DISTRICT DELINQUENCY POLICY

The Board requested that a revised A/R Delinquency Report be shown at the board meetings that reflected at which stage a delinquent grower landed. There was additional conversation where Mr. McGowan stated that at the 2-month mark, the General Manager would be following up with a personal phone call to the landowner or grower in question.

After discussion by the Board and upon a motion by Director Callis, and seconded by Vice-President Correia, the Board approved the Panoche Water District Delinquency Policy. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND GIVE DIRECTION TO STAFF CONCERNING THE PANOCHE WATER DISTRICT DRAFT SOLAR POLICY

General Manager Patrick McGowan presented the Board with a preliminary draft solar policy and noted he was looking for any suggestions, or changes that the board would like to implement.

After discussion by the Board, the suggestion was given to lean towards Westlands Water District's policy, being landowner to landowner. It was also noted to review the Districts transfer out policy to ensure the documents complement one another.

THE BOARD TO DISCUSS AND REVIEW PANOCHE WATER DISTRICT'S INVESTMENT POLICY

General Manager Patrick McGowan presented the recently reviewed and approved Investment Policy to the board of directors for discussion. Secretary Fausone suggested edits on the second page of the document, and the Board requested that Accounting Supervisor Marlene Brazil explore different investment options with Mechanics Bank to have the Board review in future meetings.

After discussion by the board, and upon a motion by Director Callis and seconded by Secretary Fausone, the Board approved the Panoche Water District Investment Policy.

The vote on the motion was as follows:

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

At approximately 11:30 am, President Barcellos announced that the Water District meeting would be going into Closed Session.

Director Neill Callis left the Panoche Water District board meeting at 12:08 pm.

At approximately 12:15 pm, President Barcellos announced that the Water District meeting would resume.

THE 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

General Manager Patrick McGowan provided the Board with the latest copy of the Groundwater Subsidence Policy (GSP) explaining that the vision the GSP will be submitted by the end of July. The Full GSP will be submitted for public and State review at the beginning of June. Chase Hurley from Water Land and Solutions also discussed the importance of reaching out to our growers to communicate and accumulate the necessary information. He stated that a complete inventory has been done of all the wells in the area. Mr. Hurley suggested working in tandem with San Luis Water District to outreach to the group. He also suggested sitting down with the San Joaquin River Exchange Contractors (SJRECWA) regarding their ability to provide a Mitigation Water supply – noting that for this policy to reach its intended success the price point of this water must make sense to the Growers. It was also discussed that the SJRECWA would not be obligated to provide water in a critical year. Mr. Hurley stated that the GSP would need to be approved by each board in the next couple of months and suggested that perhaps Pacheco and Panoche Water Districts hold a joint workshop to discuss this as one topic with the growers.

Mr. Chase Hurley left the meeting at approximately 12:25 pm.

THE BOARD TO REVIEW AND CONSIDER ADOPTING THE EQUIPMENT RENTAL RATES FOR FISCAL YEAR 2024-2025

Maintenance Manager Chris Carlucci presented the board with the Fiscal Year (FY) 2024-2025 Equipment and Vehicle Rent List, as well as a copy of the FY 2023-2024 rates. Mr. Carlucci also presented the board with an additional list comparing rates between Panoche Water District, Westlands Water District, and Central California Irrigation District.

After discussion by the Board, and upon a motion by Vice-President Correia and seconded by Director Western, the Board approved the FY 2024-25 Equipment Rental Rates as presented by Mr. Carlucci. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER APPROVING RESOLUTION # 848-24 APPROVING THE SECOND AMENDED AND RESTATED SAN LUIS & DELTA-MENDOTA WATER AUTHORITY JOINT EXERCISE OF POWERS AGREEMENT AND ACTIONS RELATED THERETO

General Manager Patrick McGown explained that the San Luis & Delta-Mendota Water Authority (SLDMWA) held a board meeting on Thursday and they were requesting participation among the Districts

to pass a board Resolution that allowed the Friant Water Authority to have a representative on the SLDMWA Board. This would allow the Friant Water Authority to be involved in any decision pertaining to them.

After discussion by the Board, and upon a motion by Director Western and seconded by Secretary Fausone, the Board approved Resolution #848-24 approving the second amended SLDMWA Joint Powers Agreement as presented.

The vote on the motion was as follows:

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

DIVISION REPORTS

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

San Luis Reservoir Total Storage:	<u>1,429,794 AF</u>
San Luis Reservoir Federal Storage:	<u>890,627 AF</u>
San Luis Reservoir % of Total Capacity	<u>70%</u>

Panoche Update as of May 1, 2024:

USBR 2024 Water Balance:	<u>49,528 AF</u>
USBR Resch. Water Balance	<u>3,747 AF</u>
April, 2024 Grower Deliveries:	<u>3,690 AF</u>
Total Deliveries to date (Apr):	<u>5,682 AF</u>

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

- The March O&M, Interest, and M&I billings were completed and mailed out mid-April.
- Working on getting the 700 forms from 2 people.
- The USBR Water Allocation on grower’s statements were increased to reflect the 40% allocation.
- The USBR Water Cost billings were done on 4/24/2024 – Deposit (Due 5/24) for \$ 2,066,174 and Final (Due 10/2) for \$ 1,973,025
- The Supplemental Water Cost billings – Deposit (Due 6/8) and Final (Due 9/30) have been billed as of 5/8/2024. Sold 10,997 AF out of 15,723 AF (\$ 2,51,380 x’s 2)
- Mailed out PDD 1st Installments (\$1,301,012) this month, as well as CDD’s
- Colored and reported April’s Water Usage for PWD for the DMC & SLC to SJRECWA/SLDMWA/USBR
- Completed the Water Payment Summaries to the USBR & SLDMWA for April
- Will start working on refunding the overcollection of Proposition 218
- Still working on: Completing the Water Inventory and Rate Assignment Spreadsheets for the auditor for WY 2023-24 - Tabulating Information for Crop Reports – Reconciling USBR FY2023 Water Deliveries and Charges

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

- General Maintenance.
- Installed new flow meter cages at Turnouts 509 & 510 – Made 5 and installed 3 so far.
- New catwalks for Lateral 3 – Turnouts 308 & 310.
- Lateral 2 203 – Installed a new head gate.

- McElvany & Pacific Boring completed a new turnout on Lateral 2 for Hanna.
- Weed Control – Sprayed T-Canal, 510 ditch. Canal Treatments – T-Canal, 11E ditch, Main Canal, and Station 2 to Station 4.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)
- Domestic Water Treatment Plant – Installed a new flow meter and Backflow apparatus.
- Panoche OP’s crew Backflow installation cost. (See Attached)
- 2024-2025 Equipment & Vehicle Rent List update. Rates need to be approved by BOD (See Attached) Pricing came from State of California Transportation – Division of Construction.

Mr. Carlucci presented the Board with a backflow savings analysis of the cost of Panoche’s crew installing the Backflow apparatus’ (\$1,253) as opposed to having it done by another company (\$15,034). Mr. Carlucci also presented the Board with a more in-depth savings analysis of the District purchasing a vehicle, as opposed to leasing one.

After discussion, Mr. Carlucci was given the direction to move forward in obtaining estimates for replacement trucks, and present for discussion and review in future meetings.

C. General Manager Patrick McGowan reported on the following Domestic Water Treatment Plant activities that occurred in April:

- A meeting was held with Engineer Jim Gartung, Mr. McGowan, and Water Resources Manager Juan Cadena. Mr. McGowan explained the decision to pursue a larger 150 GPM treatment plant.
- The SWRCB advised Mr. McGowan that including the additional 40 outlet service connections for the Russell Avenues Estates at this time would delay the process and would likely be denied.
- We are moving forward to update the engineering report and the environmental Documents. Summers Engineering has quoted us \$22 – 25 thousand to work on the environmental documentation. Additional estimates have been requested and will be reviewed.
- We are working with Legal Counsel for the Water Quality JPA, Mr. Gabriel Delgado in addition to City Engineer regarding details of tying into existing JPA water main.

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

Ethics and Compliance:

- No calls were reported on the Speak-Up Hotline.
- Compliance training for this month focused on the Districts Health Illness Prevention and Injury Illness Prevention Program. Staff made recommendations for a welding umbrella and durable first aid kit supplies. Umbrella was ordered and received. Vendors and cost analysis is being gathered for upgrade of first aid supply kits.

Risk Management:

- District websites updated to reflect recommended transparency guidelines as specified by the Special District Leadership Foundation. Please note: No prior existing mission statement found, the following was entered. Board recommendation to review:

Established in the 1950's, Panoche Water District operates with a mission of providing prompt, dependable, and economically feasible water services to landowners and water users.

- Safety Compliance Company conducted safety training on back safety, proper lifting, and stretching. Safety training for the month of May will be focused on Wildfire Smoke and Valley Fever.
- Cyber Liability – Coverage renewed. KYND – Supplemental service provided through ACWA coverage will be explored to audit network risks.

Contract Administration:

- Contour Canal – Semi Annual Report submitted for the period September, 2023 through March, 2024. For this period a total of \$47,194 District match funds have been expended. Applied Earthworks has completed the cultural review; Summers Engineering has reviewed and submitted to the USBR. Data of all Water Users and Landowners to be affected by construction has been compiled; notices will be sent to begin advanced planning of dewatering and deliveries if necessary.
- ACWA Wellness Grant - \$800 grant from ACWA issued for 2024/25 has been used to provide step trackers to employees for voluntary step challenge for March and April. In the month of April, employee Anthony Zavala won with a total step count equaling 279 miles. As the winner, Mr. Zavala received a \$200 gift card purchased with the grant funds. A report of the grant activities will be submitted in the month of May and solicitation will be sought for this year's upcoming grant funds.

Other Matters: No Other Matters to report.

THE BOARD TO RECEIVE AN UPDATE ON THE FOREFRONT SOLAR PROJECT FOR THE DISTRICT

Contracts Administrator Josh Marquez provided the Board with a solar project update that highlighted the next steps and the project cost increases, scope changes, and projected cost savings. Mr. Marquez also pointed out that a final decision on whether the District intends to contribute funds, or roll those funds into their rates is not needed until 2025. There was discussion centered around utilizing the no District out of pocket expense approach.

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, or were ongoing, on the Action Items List presented - dated May 14, 2024. Water Resources Manager Juan Cadena reported that staff had a zoom meeting with Olivier Jerphagnon that included a small demonstration of the Agmonitor platform. This platform could potentially help to reduce infrastructure costs throughout our distribution system. Mr. Cadena sent Mr. Jerphagnon district maps and PGE accounts to set up a demonstration. Mr. Jerphagnon will follow up with staff in a couple of weeks.

GENERAL MANAGER'S REPORT

GM McGowan gave the following manager update for April:

A. Outreach Efforts

Mr. McGowan discussed his experiences in the 2024 Spring ACWA conference in Sacramento.

B. Sustainable Groundwater Management Act

- I. Central Delta Mendota SSMA** - Mr. McGowan reported that Mr. Hurley had provided the board earlier with a good update on SSMA's activities. Mr. McGowan discussed the

Tulare Lake Subbasin’s probation and might not have been had they submitted their GSP on time. There was overall SGMA implementation questions and it was mentioned that in 2030 there will be our first GSP update and the financial expense associated. Approval of full GSP will be coming to boards within 60 days.

- C. **Los Vaqueros Expansion Project** Mr. McGowan reported he has been participating in numerous project meetings. The JPA continues to await the ability to review the Contra Costa Water District Facilities Usage Agreement. Noting that there was a General Managers meeting at the ACWA conference. All associated entities were requesting information regarding annual expenses to make a business case. Additional modeling has been proposed to estimate conveyance capacity of the 300 CFS Bethany pipeline. The assumed rate structure will include 60% debt services. Mr. McGowan discussed hypothetical conveyance capacity percentages and associated deliveries. The benefit of not having to rely on Jones Pumping Plant to deliver any North of Delta Water Transfers was discussed. The group continues to discuss cost formulas and a decision of whether or not to participate is needed by December, 2024.
- D. **Water Storage and Conveyance Discussions:** Nothing to report at this time.
- E. **San Luis Delta Mendota Water Authority (SLDMWA)**
Mr. McGowan reported that he had participated in the recent SLDMWA Board of Directors meeting. Water reliability was the major topic of discussion throughout the meeting. SLDMWA Executive Director Federico Barajas and team outlined in detail the monumental challenges associated with our collective water supply.
Mr. McGowan also reported on the O’Neill outages scheduled starting on July 8th and continuing for 45 days – the longest outage to date for preventative maintenance.
- F. **Other:**
No other matters to report.

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

No other items.

FUTURE MEETING DATES

- A. Next Regular Meeting Date: June 11, 2024

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

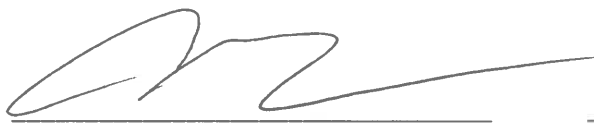
At 11:30 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation. At 11:45 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

PANOCHÉ WATER DISTRICT CLOSED SESSION:

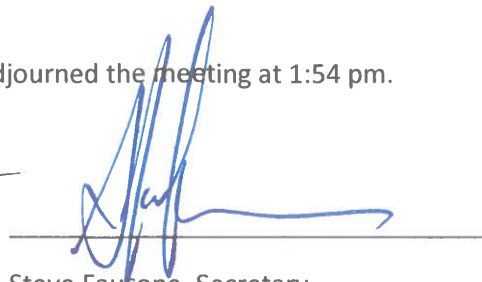
At 11:45 pm, the board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 12:15 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 1:54 pm.



Aaron Barcellos, President



Steve Fausone, Secretary