

**PANOCHÉ WATER DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
March 12, 2024**

A regular meeting of the Board of Directors was held on March 12, 2024, starting at 10:33 am. Those present at the meeting were:

Directors: Aaron Barcellos, President  
Neill Callis, Director  
Beau Correia, Director  
Steve Fausone, 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  
Chris Linneman, Summers Engineering, Inc.  
Palmer McCoy, GBA  
Phil Williams, Legal Counsel

**CALL TO ORDER**

President Barcellos called the meeting to order at 10:33 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**

**THE BOARD TO REVIEW AND CONSIDER APPROVING THE PROPOSAL FROM SUMMERS ENGINEERING, INC. (SEI) FOR THE PANOCHÉ WATER DISTRIBUTION SYSTEM MODERNIZATION PLAN**

Engineer Chris Linneman presented the Board with a presentation on the costs and scope of work associated with developing the District's water distribution system modernization plan. Understanding that the District's goal would be to develop a new modernized irrigation distribution system that would conserve water, minimize operational costs, and allow for partial automation. Mr. Linneman explained that SEI will develop a modernization plan that will provide alternatives to replace the District's primary distribution system. The Plan will focus on alternatives to minimize the reliance on pump stations, where practical to utilize pipelines, and allow for deliveries from all feasible water sources. This would include

the California aqueduct, the Delta-Mendota Canal, and direct connections to other water and irrigation districts. Mr. Linneman also noted that the engineering fees to prepare this study will not exceed \$72,000 and will take approximately eight months to complete. Upon a motion by Director Callis and seconded by Director Western, the Board approved Summers Engineering, Inc. to start the modernization plan process. 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 FEBRUARY 20, 2024, REGULAR BOARD MEETING MINUTES**

Upon a motion by Director Callis and seconded by Director Fausone, the Board approved the February 20, 2024, regular board meeting minutes. The vote on the motion was as follows:

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

#### **FINANCIAL REPORT**

- 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 Fausone and seconded by Director Callis, 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, Fausone, Western  
Nays: None  
Absent: None  
Abstain: None

#### **THE BOARD TO REVIEW AND CONSIDER APPROVING THE PROPOSED BUDGET FOR FISCAL YEAR ENDING FEBRUARY 28, 2025, AS WELL AS THE PROPOSED WY 2024-25 WATER RATE STRUCTURE**

After discussion by the Board and upon a motion by Director Callis and seconded by Director Correia, the Board approved the proposed budget for the fiscal year ending February 28, 2025, as amended. The proposed WY 2024-25 water rate structure will be tabled for now and voted on in April's board meeting. The vote on the motion was as follows:

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

#### **THE BOARD TO REVIEW AND CONSIDER APPROVING THE LETTER OF INTENT FOR THE PANOCHE DRAINAGE DISTRICT CARBON SEQUESTRATION PROJECT PROPOSAL**

After noting that this Letter of Intent was the same discussed in the Panoche Drainage District board meeting and upon a motion by Director Callis and seconded by Director Western, the Board approved giving General Manager Patrick McGowan the authorization needed to negotiate the LOI on behalf of the District. The vote on the motion was as follows:

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

**THE BOARD TO REVIEW AND GIVE DIRECTION ON THE PROPOSITION 218 BOND RECONCILIATION**

General Manager Patrick McGowan presented the board with an overview of the Proposition 218 bond reconciliation. Mr. McGowan was given the direction by the Board to research further the parameters in which the District can utilize these monetary funds moving forward.

**DIVISION REPORTS**

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

San Luis Reservoir Total Storage:	<u>1,397,020 AF</u>
San Luis Reservoir Federal Storage:	<u>842,278 AF</u>
San Luis Reservoir % of Total Capacity	<u>68%</u>

Panoche Update as of March 1, 2024:

USBR 2023 Water Balance:	<u>71,666 AF</u>
February, 2024 Deliveries:	<u>1,860 AF</u>
Total Deliveries to date (MAR-FEB):	<u>54,057 AF</u>

(The delivery O&M base was set at 45,000 AF – we exceeded by 9,057 AF.)

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

- The February O&M, Interest, and M&I billings will be dated 2/29/24, but will be processed on 3/15/2024.
- An e-mail reminder notice for the 700 Forms due for the different Districts will be sent out this month.
- The water cost rate scenario budget has been completed and is ready to be approved.
- Grower forms are being returned, so I will be working on tabulating the information received and reaching out to those who haven't turned them in yet.
- The final request for Rescheduled water, along with copies of the WY2024-25 Revision Schedules have been sent to the USBR.
- Worked on the board meeting minutes for PDD and still working on PWD's.
- Completed updated board meeting agendas for Patrick to review and approve.
- Ms. Reyes also noted that closing out the year end of the water year would be the focus – such as closing out grower water balance statements and creating ones for the new water year, allocating rescheduled and new water categories and invoicing, starting the water inventory and rate assignment spreadsheets for the auditor for WY 2023-24.

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

- General Maintenance.
- Installed new turnout at TO #17.
- Started to make catwalk and staircase for TO #17.
- Made repairs to station 12#-2 trash racks.

- Quote for line Boring job for new turnout on Lateral 2. (Pacific Boring)
- Weed Control – Main canal, Russell turnout, Russell ditch, 6E black pipeline, 50 gate turnout, and Laterals 2 & 3.
- Pacheco Water District Weed Control – PWD sprayed Lateral #7.
- Still making repairs to all PWD mainline meters and filter station meters.
- Sent off Hazardous Material Business Plan Program (HMBP) and Spill Prevention Plan (SPCC) to Fresno County for approval. For both PWD and the Water Treatment Plant.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)

Mr. Carlucci presented the board with a copy of the proposal from Pacific Boring.

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

- Mr. McGowan explained that Water Resource Manager Juan Cadena is working with Jim Gartung Engineering and the anticipated cost analysis will be completed by April's Board meeting. Mr. Cadena had been working with the Water Quality JPA and our request to add an additional connection to their distribution line would be on the agenda for their quarterly Board meeting held on March 20<sup>th</sup>.
- Mr. McGowan also explained he had spoken with John Brodie and Scott Petersen with SLDMWA regarding a potential partnership through the Integrated Regional Water Management Program for assistance with fees in potentially adding the 40 additional service connections.

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

**Ethics and Compliance:**

- Mr. Marquez attended a training hosted by ACWA JPIA that covered insurance verifications in contracts, and risk transfer. Mr. Marquez noted that the class offered valuable insight in implementation to mitigate risk including periodic verifications of contractors throughout the construction process and checklists to follow a streamlined process.
- No calls were reported on the Speak-Up Hotline.

**Risk Management**

- Safety Compliance conducted their first training which covered the topics of trenching and excavation, fall protection, and workplace violence. A calendar has been made for the 2024 year outlining all topics to be covered all falling within the required training timelines. Mr. Marquez has also reported that the risk management assessment has been reviewed with staff and there is a meeting with Amy McDougal to follow up for any recommendations.

**Other Matters**

- Mr. Marquez reviewed the monthly costs on our Verizon contract and found four lines to be included in our group plan that weren't previously which will result in savings.
- A backhoe loader, case tractor, and for tractor had been sold and a sales receipt is expected in March after the buyers pick up the equipment.
- Prop 84 – Invoice 19 (November) reimbursement received in the amount of \$1,004,587. Invoice 20 (December) has been approved and docu-signed. All requested information has been submitted to Bockman & Woody for the addition of five additional tile sites

and the change order is with costs is expected in March. This will push back the closing of this project until the sites have been completed.

**E. Accounting Supervisor Marlene Brazil reported on the following human resources activities that occurred in February 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.

*Mr. McGowan let the board know that we would be jumping to part of his report during this time frame to not hold up Water and Land Solutions Manager Chase Hurley any further.*

**GENERAL MANAGER'S REPORT**

**B. Sustainable Groundwater Management Act**

**I. Central Delta Mendota SSMA**

General Manager Patrick McGowan reported that the Central Delta Mendota subbasin committee meeting was held yesterday and the Subsidence Mitigation Policy was presented. The draft policy was received well, from consultants and other entities involved. Water and Land Solutions Manager Mr. Chase Hurley explained that currently our Groundwater Subsidence Policy has failed twice at a state board level and it is currently scheduled 5<sup>th</sup> out of 6, awaiting review. The group has combined the six GSA's (Groundwater Sustainability Agency) into one GSA, with the Ground Water Sustainability Plan (GSP) due July 1<sup>st</sup>. Mr. Hurley also stated that we need to show the State board two things in our GSP – that we are addressing overdrafts and subsidence. The draft involves not allowing groundwater pumping to be exceed .25 AF/AC and giving growers an alternative to pumping by providing supplemental water to be purchased. The draft policy also requires home Districts to provide water to the supplemental water pool. The draft policy will be on the April agenda for further discussion.

*At 12:51 pm, President Barcellos announced that the meeting would take a quick break.*

*At 12:59 pm, President Barcellos called the meeting to order and the board meeting was resumed.*

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

- Mr. Marquez reported that he has contacted Forefront Solar several times for an update on the cost analysis for PG&E increases and additional system upgrades. The costs proposed initially are now out of date. Mr. McGowan stated he would ensure that Forefront representatives would finalize an up to date return on investment projection and present in our April meeting.

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

- Mr. Marquez reported that the budget costs have been reviewed and estimated for the 2024-2025 budget.
- A meeting was held with Chris Linneman to review the process for the upcoming semi-annual report. Mr. Marquez noted that the report will be completed in March for

review with input from Chris prior to submittal.

## **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 February 20, 2024. Mr. Cadena informed the board that the University of Fresno has teamed up with PG&E and they are funding 50% of the pump efficiency test costs. Panoche Water District will be signing up for this program. Mr. Cadena also provided the board with the Irrigation Training and Research Center's pump station improvements analysis.

## **GENERAL MANAGER'S REPORT**

GM McGowan gave the following manager update for February:

### **A. Outreach Efforts**

A meeting is scheduled with Mr. Jonothan Guz from Stradling Bond Council to get up to speed with the existing District bonds and related information. Mr. McGowan met with EKI and discussed the implementation of a master's facilities plan. Additionally, Mr. McGowan met with the Utilities Director for the City of Modesto Will Wong to discuss reused water, and the ability for the District to obtain from local municipalities in the future. Mr. McGowan mentioned he was coordinating with John Brodie from the SLDMWA to hopefully set up a meeting with Self-Help Enterprises to discuss assistance with grant funding, and the addition of the Russell Avenue Community into Panoche's water system.

### **B. Sustainable Groundwater Management Act**

**II. Central Delta Mendota SSMA – Reported above**

### **C. Los Vaqueros Expansion Project**

Mr. McGowan stated talks are being held to understand better the associated benefits of participation. Mr. McGowan informed the board that a meeting was scheduled for March 18<sup>th</sup> to further discuss these topics. Mr. McGowan also suggested inviting LVE representatives to participate in future Board meetings to respond to all questions the Board may have prior to our next payment being due.

### **D. Water Storage and Conveyance Discussions:** Mr. McGowan will provide an update in closed session.

### **E. San Luis Delta Mendota Water Authority**

Mr. McGowan reported that the memorandum of understanding (MOU) between SLDMWA, Friant, Reclamation, and the Exchange Contractors was recently completed. The MOU addresses a commitment to a partnership on various past issues and our relationship moving forward. The document also highlights the SOD Drought Contingency Program. 5% of our water allocation would be in reserves to be able to draw from in multiple water years and would be subject to spills. A pilot program begins this year for 2.5%, or 2,350 AF currently stored in San Luis Reservoir. The pilot program will assist in identifying the pro's and con's of the program.

### **E. Other:**

Mr. McGowan reported that SLDMWA has a 45-day outage tentatively scheduled at O'Neill to work on transformers either in April-May or late summer August-September. In the unlikely event they are unable to meet our delivery demands, they have received permission to utilize the State's facilities. Mr. McGowan also reported that Regional Director Karl Stock from the USBR was at the SLDMWA meeting. He informed everyone that new updated models were being looked at for snowpack and that the March 21st announcement would result in a significant increase in allocation.

## **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 1:29 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation. At 1:44 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

**PANOCHÉ WATER DISTRICT CLOSED SESSION:**

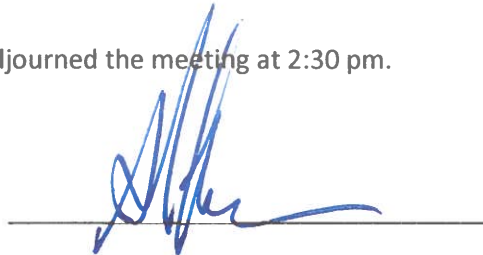
At 2:00 pm, the board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 2:30 PM, Mr. Williams reported that no reportable actions were taken in Closed session.

**ADJOURNMENT**

With no further business, President Barcellos adjourned the meeting at 2:30 pm.



Aaron Barcellos, President



Steve Fausone, Secretary