



# PANOCHÉ WATER DISTRICT

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March 2, 2023

Dear Growers,

Welcome to the 2023-24 Central Valley Project new contract water year! Following up on last week's announcement by Reclamation of an initial CVP agricultural water supply allocation of 35% of contract, yesterday the District's Board of Directors took action to adopt the 2023-24 fiscal-year budget and to approve a new, proposed fee structure to recover the necessary costs of operating and maintaining the District. The new, proposed fee structure will be open to public comment and a landowner majority protest as provided for under Proposition 218. The District will be hosting a virtual growers' workshop on March 28<sup>th</sup> and a public hearing on April 18<sup>th</sup> after which the Board will make a final decision regarding the District's 2023-24 rates.

## WATER SUPPLY

While last week's announcement by Reclamation was caveated to say the 35% allocation could be reduced if certain conditions were persistent through the spring, following the last week's series of storms, it is unlikely a reduction would occur and far more likely that we will see an increase in the allocation, perhaps up to 55% or more. The question remains timing but confidence is high that more CVP water will be allocated. Reclamation's most recent forecast indicates strong pumping at the Jones Pumping Plant and San Luis Reservoir not filling; however, that forecast assumes that Exchange Contractor demands are being met from the Delta-Mendota Canal. If flows into the Mendota Pool increase to a point where the Exchange Contractor demands are being met directly from the San Joaquin River, then there is a possibility the Reservoir could fill, perhaps as soon as in 45 days. Whether or not this results in a loss of rescheduled water will depend upon how long it remains full and the intensity of demands at that time. There is a lot of uncertainty around this potential right now and we will continue to monitor operations closely to keep you apprised. If you have rescheduled water, the most protective action is to use as much as you can in the coming 6 to 8 weeks to avoid a potential loss.

The budget adopted yesterday (enclosed) assumes a 35% CVP allocation, which amounts to approximately .86 acre-feet per acre, and a supplemental water allocation of approximately .48 acre-feet per acre. Our Watermaster, Sandra Reyes is currently finalizing rescheduling requests, water applications, and crop map information. Once the allocation eligible acres are tallied, the District will allocate both the CVP and supplemental supplies. Supplemental supplies will be invoiced in mid-March and payment will be due within 30 days to be eligible to receive delivery of the supplemental water. For non-delinquent accounts, CVP water usage will be billed upon usage on a monthly basis. Currently, the cost for supplemental water is \$501 per acre-foot and \$137 per acre-foot for the CVP supply. The adopted budget is \$2.89M, or 15%, greater than last year's but that includes the \$4.48M increase in water cost due to the CVP allocation. If more CVP water is allocated, or other factors affect the water

supply assumptions, the Board will consider amending the budget to reflect those currently unknown, potential impacts.

### **OPERATIONS & MAINTENANCE RATES**

As we've previously reported, the Board has been considering implementing a new rate structure wherein some of the District's necessary operations and maintenance costs are recovered from land-based fees while the majority of others continue to be recovered through water delivery fees. Yesterday, they approved a new, proposed rate structure for landowner consideration (enclosed). Under the new approach, costs that are related to the District's CVP contract, our participation in potential water storage expansion projects, and repair and maintenance of the District's existing infrastructure are proposed to be all or partially recovered from the new land-based fees, as these endeavors result in universal benefits. All other costs would continue to be recovered as they have been historically. This new, proposed rate structure is not final. The District will be holding a virtual workshop on March 28<sup>th</sup> to garner comments and answer questions about the new approach. The District will also be sending instructions and official forms that will permit landowners to protest the new rate structure. If a majority of landowners protest the new rate structure, then the District will continue to recover its necessary operations and maintenance cost through the water delivery rate. The deadline for submitting protests is April 18<sup>th</sup> at which time the Board will hold a public hearing and thereafter make a final decision regarding rates for the 2023-24 fiscal-year. If you should have any questions regarding the new, proposed rate structure, please do not hesitate to contact me directly at (209) 704-1164.

From a water supply standpoint, this year is certainly off to a much better start than the previous three. While there remains some uncertainty with respect to CVP operations this spring, it is highly probable that District will have sufficient supplies from its supplement and CVP sources to meet historical demands this year. If you are considering increasing your planted acreage and/or surface water usage, please be sure to update your demand and cropping information with the District as soon as possible. As always...

Yours truly,



Ara Azhderian

**PANOCHÉ WATER DISTRICT  
BUDGET (March 1, 2023 - February 28, 2024)**

<b>BOD Adopted Mar. 1, 2023</b>		<b>Proposed Budget 2023-2024</b>	<b>Budget 2022-2023</b>	<b>2022-2023 Actual - Jan 31</b>	<b>Proposed Change</b>	<b>Δ</b>
<b>Operating Revenues</b>						
1	Supplemental Water	\$ 9,278,694	\$ 10,362,366	\$ 9,338,121	\$ (1,083,672)	-10%
2	Operation & Maintenance	\$ 5,784,364	\$ 5,861,058	\$ 4,326,461	\$ (76,694)	-1%
3	Fresno/Merced Counties - 2021 CVP Bond	\$ 1,303,892	\$ 1,509,263	\$ 1,371,976	\$ (205,371)	-14%
4	Labor Reimbursements	\$ 350,079	\$ 583,740	\$ 182,485	\$ (233,661)	-40%
5	Other Revenue	\$ 125,416	\$ 250,000	\$ 514,901	\$ (124,584)	-50%
6	Reimbursed Expenses	\$ 340,000	\$ 200,000	\$ 349,476	\$ 140,000	70%
7	Domestic Water Treatment Plant	\$ 174,000	\$ 140,000	\$ 129,184	\$ 34,000	24%
8	Sustainable Groundwater Management <sup>1</sup>	\$ 4,852	\$ 46,497	\$ 46,726	\$ (41,645)	-90%
9	CVP AG Water Contract (35%)	\$ 4,479,900	\$ -	\$ 159,600	\$ 4,479,900	
<b>Total Revenue</b>		<b>\$ 21,841,197</b>	<b>\$ 18,952,924</b>	<b>\$ 16,418,930</b>	<b>\$ 2,888,272</b>	<b>15%</b>
<b>Operating Expenses</b>						
<b>Water Costs</b>						
10	Supplemental Water	\$ 9,278,694	\$ 10,362,366	\$ 8,672,172	\$ (1,083,672)	-10%
11	Planning & Engineering	\$ 57,000	\$ 52,000	\$ 74,423	\$ 5,000	10%
12	Los Vaqueros Expansion	\$ 224,500	\$ 98,000	\$ 97,640	\$ 126,500	129%
13	BF Sisk Expansion	\$ 366,500	\$ -	\$ 51,998	\$ 366,500	
14	Central Delta-Mendota Region SGMA <sup>1</sup>	\$ 4,852	\$ 46,497	\$ 14,893	\$ (41,645)	-90%
15	CVP AG Water Contract (35%)	\$ 4,479,900	\$ -	\$ 76,918	\$ 4,479,900	
		<b>\$ 14,411,446</b>	<b>\$ 10,558,863</b>	<b>\$ 8,988,044</b>	<b>\$ 3,852,583</b>	<b>36%</b>
<b>Administration</b>						
16	2021 CVP Bond Payment	\$ 929,978	\$ 928,866	\$ 930,566	\$ 1,112	0%
17	Legal Costs	\$ 250,000	\$ 600,000	\$ 189,425	\$ (350,000)	-58%
18	2021 CVP Bond Assessment Refund	\$ -	\$ 580,397	\$ -	\$ (580,397)	
19	Salaries and Wages	\$ 686,975	\$ 569,425	\$ 491,866	\$ 117,550	21%
20	Employees' Benefits	\$ 198,151	\$ 202,961	\$ 173,325	\$ (4,810)	-2%
21	SLDMWA Activity Agreements	\$ 106,863	\$ 186,146	\$ 178,220	\$ (79,283)	-43%
22	SLDMWA DHCCP Bond Payment	\$ 148,592	\$ 148,592	\$ 44,876	\$ -	0%
23	Directors' Benefits	\$ 36,000	\$ 138,352	\$ 74,519	\$ (102,352)	-74%
24	Insurance Costs	\$ 95,000	\$ 127,750	\$ 90,889	\$ (32,750)	-26%
25	SWRCB Water Rights Fee	\$ 125,000	\$ 125,000	\$ 124,262	\$ -	0%
26	Other Supplies & Services	\$ 106,500	\$ 105,000	\$ 111,034	\$ 1,500	1%
27	Payroll Burden	\$ 85,268	\$ 68,642	\$ 79,353	\$ 16,626	24%
28	Professional Services	\$ 78,000	\$ 60,000	\$ 79,613	\$ 18,000	30%
29	Annual Audits	\$ 40,000	\$ 50,000	\$ 47,650	\$ (10,000)	-20%
30	Communications, IT, and Software	\$ 45,000	\$ 45,000	\$ 42,751	\$ -	0%
31	Conferences and Training Costs	\$ 45,000	\$ 45,000	\$ 31,967	\$ -	0%
32	Utilities	\$ 45,000	\$ 30,000	\$ 39,137	\$ 15,000	50%
		<b>\$ 3,021,328</b>	<b>\$ 4,011,132</b>	<b>\$ 2,729,453</b>	<b>\$ (989,804)</b>	<b>-25%</b>

<b>BOD Adopted Mar. 1, 2023</b>		<b>Proposed Budget 2023-2024</b>	<b>Budget 2022-2023</b>	<b>2022-2023 Actual - Dec 31</b>	<b>Proposed Change</b>	<b>Δ</b>
<b>Operations &amp; Maintenance</b>						
33	Energy Costs	\$ 1,795,500	\$ 1,440,000	\$ 1,378,543	\$ 355,500	25%
34	Salaries and Wages	\$ 915,001	\$ 1,258,610	\$ 737,799	\$ (343,609)	-27%
35	Employees' Benefits	\$ 325,888	\$ 431,839	\$ 259,988	\$ (105,951)	-25%
36	Pumps & Structures Repairs	\$ 241,000	\$ 250,000	\$ 266,427	\$ (9,000)	-4%
37	Payroll Burden	\$ 153,734	\$ 197,481	\$ 119,030	\$ (43,747)	-22%
38	Reimbursable Expenses	\$ 340,000	\$ 200,000	\$ 148,507	\$ 140,000	70%
39	Weed Control	\$ 111,000	\$ 170,000	\$ 104,914	\$ (59,000)	-35%
40	Domestic Water Treatment Plant	\$ 174,000	\$ 140,000	\$ 154,494	\$ 34,000	24%
41	Fuel & Oil costs	\$ 145,000	\$ 90,000	\$ 205,683	\$ 55,000	61%
42	Capital Cost - Depreciation	\$ -	\$ 75,000	\$ -	\$ (75,000)	-100%
43	Equipment Repair & Maintenance	\$ 100,000	\$ 50,000	\$ 64,763	\$ 50,000	100%
44	Vehicle repairs & Maintenance	\$ 40,000	\$ 45,000	\$ 33,503	\$ (5,000)	-11%
45	Buildings Repairs & Maintenance	\$ 50,000	\$ 20,000	\$ 34,597	\$ 30,000	150%
46	Laboratory - Water Testing	\$ 17,300	\$ 15,000	\$ 16,471	\$ 2,300	15%
		\$ 4,408,423	\$ 4,382,929	\$ 3,524,719	\$ 25,493	1%
<b>Total Expenses</b>		\$ 21,841,197	\$ 18,952,924	\$ 15,242,216	\$ 2,888,272	15%
<b>Net Revenue/(Deficit)</b>		0	(0)			
<b>Operations &amp; Maintenance Rate <sup>2</sup></b>		\$ 160.68	\$ 182.30			
<sup>1</sup> SGMA Costs historically billed on an pro-rata acreage basis; costs include SLDMWA and CDMGSA JPA <sup>2</sup> FYE 2023 assumes 32,150 acre-feet of deliveries, FYE 2024 assume 36,000						

**PANOCHÉ WATER DISTRICT  
POTENTIAL RATE MODIFICATION SCENARIOS**

**BOD Approved Mar. 1, 2023  
Subject to Prop 218 Process**

		<b>Proposed Budget 2023-2024</b>	<b>Water Rate Scenario</b>	<b>Acreage Rate Scenario</b>	<b>Service Rate Scenario</b>
<b>Operating Revenues</b>					
1	Supplemental Water	\$ 9,278,694	\$ 9,278,694		
2	Operation & Maintenance	\$ 5,784,364	\$ 4,971,323	\$ 813,041	
3	Fresno/Merced Counties - 2021 CVP Bond	\$ 1,303,892		\$ 1,303,892	
4	Labor Reimbursements	\$ 350,079			\$ 350,079
5	Other Revenue	\$ 125,416	\$ 125,416		
6	Reimbursed Expenses	\$ 340,000			\$ 340,000
7	Domestic Water Treatment Plant	\$ 174,000			\$ 174,000
8	Sustainable Groundwater Management <sup>1</sup>	\$ 4,852		\$ 4,852	
9	CVP AG Water Contract	\$ 4,479,900	\$ 4,479,900		
<b>Total Revenue</b>		<b>\$ 21,841,197</b>	<b>\$ 18,855,333</b>	<b>\$ 2,121,785</b>	<b>\$ 864,079</b>
<b>Operating Expenses</b>					
<b>Water Costs</b>					
10	Supplemental Water	\$ 9,278,694	\$ 9,278,694		
11	Planning & Engineering	\$ 57,000	\$ 57,000		
12	Los Vaqueros Expansion	\$ 224,500		\$ 224,500	
13	BF Sisk Expansion	\$ 366,500		\$ 366,500	
14	Central Delta-Mendota Region SGMA <sup>1</sup>	\$ 4,852		\$ 4,852	
15	CVP AG Water Contract	\$ 4,479,900	\$ 4,479,900		
		<b>\$ 14,411,446</b>	<b>\$ 13,815,594</b>	<b>\$ 595,852</b>	<b>\$ -</b>
<b>Administration</b>					
16	2021 CVP Bond Payment	\$ 929,978		\$ 929,978	
17	Legal Costs	\$ 250,000	\$ 250,000		
18	2021 CVP Bond Assessment Refund	\$ -			
19	Salaries and Wages	\$ 686,975	\$ 549,580		\$ 137,395
20	Employees' Benefits	\$ 198,151	\$ 158,521		\$ 39,630
21	SLDMWA Activity Agreements	\$ 106,863		\$ 106,863	
22	SLDMWA DHCCP Bond Payment	\$ 148,592		\$ 148,592	
23	Directors' Benefits	\$ 36,000	\$ 36,000		
24	Insurance Costs	\$ 95,000	\$ 95,000		
25	SWRCB Water Rights Fee	\$ 125,000		\$ 125,000	
26	Other Supplies & Services	\$ 106,500	\$ 106,500		
27	Payroll Burden	\$ 85,268	\$ 68,214		\$ 17,054
28	Professional Services	\$ 78,000	\$ 78,000		
29	Annual Audits	\$ 40,000	\$ 40,000		
30	Communication Costs	\$ 45,000	\$ 45,000		
31	Conferences and Training Costs	\$ 45,000	\$ 45,000		
32	Utilities	\$ 45,000	\$ 45,000		
		<b>\$ 3,021,328</b>	<b>\$ 1,516,816</b>	<b>\$ 1,310,433</b>	<b>\$ 194,079</b>

<b>BOD Approved Mar. 1, 2023 Subject to Prop 218 Process</b>		<b>Proposed Budget 2023-2024</b>	<b>Water Rate Scenario</b>	<b>Acreage Rate Scenario</b>	<b>Service Rate Scenario</b>
<b>Operations &amp; Maintenance</b>					
33	Energy Costs	\$ 1,795,500	\$ 1,795,500		
34	Salaries and Wages	\$ 915,001	\$ 812,651		\$ 102,350
35	Employees' Benefits	\$ 325,888	\$ 289,435		\$ 36,453
36	Pumps & Structures Repairs	\$ 241,000	\$ 120,500	\$ 120,500	
37	Payroll Burden	\$ 153,734	\$ 136,537		\$ 17,196
38	Reimbursable Expenses	\$ 340,000			\$ 340,000
39	Chemical Application	\$ 111,000	\$ 111,000		
40	Domestic Water Treatment Plant	\$ 174,000			\$ 174,000
41	Fuel & Oil costs	\$ 145,000	\$ 145,000		
42	Capital Cost - Depreciation	\$ -			
43	Equipment repairs	\$ 100,000	\$ 50,000	\$ 50,000	
44	Vehicle repairs & Maintenance	\$ 40,000	\$ 20,000	\$ 20,000	
45	Buildings Repairs & Maintenance	\$ 50,000	\$ 25,000	\$ 25,000	
46	Laboratory - Water Testing	\$ 17,300	\$ 17,300		
		\$ 4,408,423	\$ 3,522,923	\$ 215,500	\$ 670,000
<b>Total Expenses</b>		\$ 21,841,197	\$ 18,855,333	\$ 2,121,785	\$ 864,079
<b>Net Revenue/(Deficit)</b>		\$ -	\$ -	\$ -	\$ 0
		<b>Current O&amp;M<sup>2</sup></b>	<b>Water Rate<sup>3</sup></b>	<b>Acreage Rate<sup>4</sup></b>	
		\$ 160.68	\$ 138.09	\$ 21.22	\$ -
			\$ (22.58)		
<sup>1</sup> SGMA costs historically billed on an acreage basis <sup>2</sup> FYE 2023-24 proposed O&M Rate assumes 36,000 acre-feet of deliveries <sup>3</sup> Potential Water Rate assumes 36,000 acre-feet of deliveries <sup>4</sup> Potential Acreage Rate assumes 38,317 acres					