

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
December 12, 2023**

A regular meeting of the Board of Directors was held on December 12, 2023, starting at 9:42 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
Neill Callis, Director
Steve Fausone, Director
Wayne Western, Director

Staff: 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
Steve Creighton, Land Representative
Palmer McCoy, GBA
Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 9:42 am.

ROLL CALL

A quorum of the Board of Directors was present.

POTENTIAL CONFLICTS OF INTEREST

Director Callis stated that he would have a conflict of interest with Agenda Item 7 and would recuse himself from the meeting at that time.

PUBLIC COMMENT

There was no public comment.

ACTION ITEMS

THE BOARD TO REVIEW AND CONSIDER APPROVING THE NOVEMBER 14, 2023, REGULAR BOARD MEETING MINUTES

On a motion by Director Western and seconded by Director Fausone, the Board approved the November 14, 2023, regular board meeting minutes. The vote on the motion was as follows:

Ayes: Barcellos, Callis, Fausone, Western
Nays: None
Absent: Correia
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 Callis and seconded by Director Fausone, the board approved the financial report as presented by Ms. Reyes, for Accounting Supervisor Mrs. Brazil, who was absent. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER APPROVING A REQUEST FROM LANDOWNERS/WATER USERS, STEVE SMITH AND NEILL CALLIS REPRESENTING TURLOCK FRUIT COMPANY RELATED TO SUPPLEMENTAL WATER

Water Master Sandra Reyes presented the board with a written request that was submitted on behalf of Turlock Fruit Company. Mr. Callis and Mr. Smith explained that they had paid for more water than they will be able to use this Water Year and part of this was due to the purchase of approximately 1,500 acres more at the end of last water year.

After discussion by the Board, it was decided that this item would be tabled for now and discussed further at the January Board meeting.

THE BOARD TO REVIEW AND CONSIDER APPROVING THE AGREEMENT WITH DR. CHARLES M. BURT’S CONSULTING SERVICES TO COMPLETE A MODERNIZATION FACILITIES PLAN

Water Resources Manager Juan Cadena reported that Dr. Burt is no longer working with Cal Poly, however, he has given us a quote of \$ 23,500 for another 100 hours of work to continue working on the modernization facilities plan. Mr. Cadena explained that we could continue to work with Dr. Burt or consider working with the new team at Cal Poly. Mr. Cadena also explained that a change to move Station 2 upstream is being considered to improve water quality.

After discussion by the Board, Mr. Cadena was instructed to get two more price quotes - one from Cal Poly and another from California State University Fresno - prior to moving forward with the modernization facilities plan.

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF AWARD FOR SAFETY SERVICES

Contracts Administrator Josh Marquez presented the Board of Directors with three price quotes from companies offering Safety Training & Consulting Services. The services provided varied depending on the options. Option 1 was Safety First Rivera, LLC, with a monthly amount owed of \$ 4,550. Option 2 was HR Mobile Services, Inc., with a monthly amount owed of \$ 1,400. Option 3 was Blue Ocean Safety, with a monthly amount owed of \$ 1,275.

After discussion by the Board, it was decided that a 4th proposal would be needed from Safety Compliance and a decision could then be made upon further discussion, at the January board meeting.

THE BOARD TO CONSIDER PRESENTING YEAR-END INCENTIVES TO ALL DISTRICT EMPLOYEES

General Manager Patrick McGowan explained that he would like to acknowledge the hard work of all Panoche employees, as well as acknowledge the employees’ willingness to take on additional responsibilities with staff leaving.

After a discussion by the Board, and upon a motion by Director Callis, and seconded by Director Fausone, the board approved the District presenting year-end incentives to all District employees as discussed. The vote on the motion was as follows:

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

DIVISION REPORTS

A. Water Master Sandra Reyes gave the Water Supply Update as of December 1, 2023:

San Luis Reservoir Total Storage:	<u>1,149,651 AF</u>
San Luis Reservoir Federal Storage:	<u>708,035 AF</u>
San Luis Reservoir % of Total Capacity	<u>57%</u>

Panoche Update as of December 1, 2023:

USBR 2023 Water Balance:	<u>74,310 AF</u>
November, 2023 Deliveries:	<u>1,134 AF</u>
Total Deliveries to date (MAR-NOV):	<u>49,147 AF</u>

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

- The O&M Budget has met it's 45,000 AF target delivery base and is 4,147 AF over this month.
- A cash flow analysis was presented to the board for WY 2023-2024 with estimations for the remaining months.
- The November O&M, Interest, and M&I billings were completed and mailed out on 11/16/2023 – (Due to trainings held on the 15th)
- The 2nd Installment of the Land O&M Assessment was billed and mailed out on 12/1/23

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

- General Maintenance.
- House #1 repairs – The foundation was good, but the stucco is separating from the wall. We are going to replace it with plywood for the siding and repairs are currently being done.
- We received the material for the Millux Ditch project
- Moved concrete boxes to T-Canal for new Turnout
- Made new meter brackets for Turnout 11E
- Repaired Turnout 34 head gate on T-Canal
- Cleaned and re-shaped canal bank on T-Canal from T-1 to T-3 station
- Repaired pipeline leak on G-line G-2 meter
- Repaired pipeline on Lateral 3 Turnout 310
- Weed Control – Sprayed these Locations – Lateral 2, T-Canal, and did spot spraying salt cedars trees. Canal Treatments – T-Canal station, T-3, and sprayed sterilant on Russell Turnout.

Mr. Carlucci also informed the Board that he and Mr. Marquez had generated an income of \$200,000 in sales of District equipment and vehicles. Mr. Carlucci explained that he would like to see the District purchase another vehicle, or two for his maintenance staff. The Board suggested that Mr. Carlucci present those requests on next year's budget.

- C. **Water Resources Manager Juan Cadena reported on the Domestic Water Treatment Plant.** He explained that he has been in discussions with JPA General Counsel, Mr. Delgado regarding an increase in allotted surface water. Mr. Cadena is currently working with engineer, Mr. Jim Gartung, so that the preliminary engineering report can be finalized for the state by mid-January.
- D. **Contracts Administrator Josh Marquez reported on the following ethics, compliance, and risk management activities that occurred in November:**
Ethics and Compliance:
- Mr. Marquez explained that Amy McDougal had conducted a one-on-one training with him regarding Chapter 8 of the federal sentencing guidelines.
 - No calls were reported on the Speak-Up Hotline.
- Risk Management
- Mr. Marquez and Mr. McGowan have a teleconference set with Mrs. McDougal to discuss the Risk Management Assessment parameters. After the discussion, Mr. Marquez and Mr. McGowan will work with staff from each department to complete the assessment. The completed assessment will subsequently be presented to the Board of Directors.
- E. **Accounting Supervisor Marlene Brazil was absent, but Ms. Reyes was able to report for her on the following human resources activities that occurred in November:**
Workers Compensation:
- One Claim remains open.
 - One Employee remains on leave until December.
 - One Employee has returned to work with modified duties
- F. **Other Matters:** No Other Matters to report.

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

Water Resources Manager Juan Cadena explained that staff had a conference call with Forefront Power. Results are due back from the distribution group study on 12/22/2023 – Phase 1 – and will give us an indication if there are additional costs, such as transformer/line upgrades. Phase 2 is currently in the Electrical Independence Test (EIT) until 12/19/2023 and those results will tell us if we must participate in a distribution group study, if so the window opens March, 2024. A large utility rate increase is expected to be announced January 1, 2024, and Forefront Power will run numbers for savings for both projects in January. Another update will be provided at January's board meeting.

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

Contracts Administrator Josh Marquez reported that price quotes had been requested for the land surveying and received from Golden Valley Engineering for \$44,000 and Bedrock Engineering for \$ 28,000. The cultural review price quotes were also requested and had been received by AECOM – declined, Applied Earthworks for \$ 37,970, and HDR – declined. Mr. Marquez stated that Bedrock Engineering and Applied Earthworks were selected and contracted. A teleconference is scheduled for 12/26/23 with the USBR to discuss the NEPA status.

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 November 14, 2023.

GENERAL MANAGER'S REPORT

GM McGowan gave the following manager update for November:

A. Sustainable Groundwater Management Act

Mr. McGowan participated in the Subbasin Committee meeting and methods were discussed to take pro-active management actions to curtail pumping while still providing sufficient surface water for our growers. The focus is to identify areas of over drafting and subsidence within our Zone 4. Mr. McGowan explained it's a complex issue and we are all continuing to move forward in the same direction. He is working to secure a meeting with the additional Zone 4 managers to discuss plans moving forward.

We are currently looking at neighboring agencies policies and see what can be done to start mitigating the problem in our area.

Mr. McGowan mentioned various methods to assist in curtailing groundwater pumping that have been successfully implemented by neighboring agencies.

B. Los Vaqueros Expansion Project

Mr. McGowan was able to participate in the General Managers meeting in Indian Wells during the ACWA conference. Currently the parties involved are working to negotiate an agreed upon backstop agreement. Once complete, they will transition their efforts to the Design Construction Agreement. At this time schedule, the members involved can expect benefits from the proposed project in 2030-2031.

C. Water Storage and Conveyance Discussions:

Mr. McGowan reported that there is a JPA Water Quality Improvement meeting being held on 12/13/23. Our District will be requesting an additional 150 GPM to feed our proposed surface water treatment plant. Our District has been in contact with JPA General Counsel and it looks as though our request will be approved.

Panoche is working to identify potential water storage opportunities that may assist in future years.

D. San Luis Delta Mendota Water Authority

Mr. McGowan reported that he is officially the alternate to the SLDMWA Board.

Mr. McGowan reported that the SLDMWA is holding it's Budget Workshop on the 19th and he will be attending.

A two year agreement has been reached between the Exchange Contractors & Authority activity members.

E. Other:

District staff ordered a take home Sacramento State University Water Treatment Plant Operator 1 book and tests. These ten chapters take home tests will greatly prepare staff to take State Certification tests in future months.

Mr. McGowan explained that the District is looking at testing a new winter weather coagulant to potentially assist with chemical expenses.

Mr. McGowan also noted that Mr. Cadena and engineer Mr. Gartung are looking at the SCADA project to see if any further costs can be saved.

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

No other items.

FUTURE MEETING DATES

A. Next Regular Meeting Date: January 9, 2024

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

At 12:00 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation. At 12:30 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

PANOCHÉ WATER DISTRICT CLOSED SESSION:

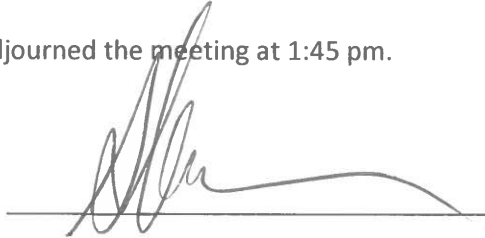
At 12:30 pm, the board met in closed session to have discussions legal counsel related to anticipated and existing litigation. At 1:40 PM, Mr. Williams reported that no reportable actions were taken in Closed session.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 1:45 pm.



Aaron Barcellos, President



Steve Fausone, Secretary