

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
SEPTEMBER 18, 2023**

An adjourned meeting of the Board of Directors was held on September 18, 2023, at 10:02 am. Those present at the meeting were:

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

Staff: Marlene Brazil
 Chris Carlucci
 Lorena Chagoya
 Josh Marquez
 Patrick McGowan
 Sandra Reyes

Others: Steve Creighton, Landowner Representative
 Chase Hurley, Water & Land Solutions, LLC
 Michael Linneman, Linneman Ranches
 Palmer McCoy, GBA
 Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 10:02 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.

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF THE FOLLOWING BOARD MEETING MINUTES

On a motion by Director Fausone and seconded by Director Barcellos, the Board approved the minutes of the September 13, 2022, Regular Meeting and the October 11, 2022, Regular Meeting.

The vote on the matter was as follows:

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

On a motion by Director Western and seconded by Director Fausone, the Board approved the August 8, 2023, Regular Meeting minutes.

The vote on the matter 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

Upon a motion by Director Western and seconded by Director Callis, the board approved the financial report as presented by Ms. Brazil. The vote on the matter was as follows:

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

BOARD TO REVIEW AND CONSIDER ADOPTING RESOLUTION #840-23, REVISING THE DISTRICTS AUTHORIZED BANK SIGNEES

Upon a motion by Director Callis, and seconded by Director Western, the board approved Resolution #840-23. The vote on the matter was as follows:

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

DIVISION REPORTS

- A. Ms. Reyes gave the Water Supply Update as of September 1, 2023:

San Luis Reservoir Total Storage:	<u>1,768,024 AF</u>
San Luis Reservoir Federal Storage:	<u>790,268 AF</u>
San Luis Reservoir % of Total Capacity	<u>45%</u>
Shasta Storage:	<u>3,531,000 AF</u>

Panoche Update as of September 1, 2023:

USBR 2023 Water Balance:	<u>83,615 AF</u>
August 2023 Deliveries:	<u>8,888 AF</u>
Total Deliveries to date (MAR-AUG):	<u>40,499 AF</u>

Ms. Reyes also reported on the following water department activities that occurred in August: The August O&M, Interest, and M&I billings were completed and mailed out. The Final Installment of the Water Cost Billing for both the USBR and Supplemental Water were completed and mailed out, as well.

- B. Mr. Carlucci reported on the following operations and maintenance activities that occurred in August:
 - General Maintenance
 - Made new stairs to G-21 pipeline.
 - Installed new pump at 12E-3 pump 1.
 - Repaired head gate and trash rack on lateral 1, turnout 101A.
 - Graded Contour Canal Herndon South to 6E.
 - Made repairs on Old Station 1 pipeline Pump 1.

- Made air vent cover for Lateral 3 main gate.
 - **Weed Control:** Sprayed the following locations - Contour Canal, Lateral #2 treatment, Spray treatment, 83 box treatment, 11E treatment, Main Canal treatment, T-Canal treatment.
- C. Mr. McGowan reported on the Domestic Water Treatment Plant. He explained that the cross connection survey was being conducted by Westside Water and their recommendations for where backflows will be needed within the District’s systems will be coming soon.
- D. Ms. Chagoya reported on the following compliance, risk management and human resources activities that occurred in August:
- No calls were reported on the SpeakUp Hotline.
 - Updates on an outstanding liability claim for damaged property including a total loss of a vehicle with an anticipated insurance reimbursement of \$27,480.75.
 - Updates on outstanding worker’s compensation claims
 - Two new and unrelated COVID-19 cases were reported and resolved.
 - Interviews for a canal operator position has been scheduled.
 - Continuation of Mr. McGowan’s on-boarding process.
- E. Mr. Marquez reported on the surplus disposal activities that occurred in August. He provided the Board with a surplus vehicle report, which listed vehicle identification numbers, millage, and net amount sold for each vehicle. He indicated that all sales have been via public auction on www.govdeals.com.

THE BOARD TO RECEIVE AN UPDATE ON THE USBR WATER SMART GRANT PROJECT FOR THE COUNTOUR CANAL

Mr. Marquez gave an update to the board noting the USBR has reviewed and approved the Districts timeline and budget for the Contour Canal Lining project and are expecting to present an agreement to the District. Response and execution of the agreement are expected no later than 9/22/23. The Board gave directions to General Manager McGowan giving him authority to sign and enter into agreement with the USBR for this grant.

GENERAL MANAGER’S REPORT

At the request of Mr. McGowan, Mr. Hurley gave the following manager update:

A. Sustainable Groundwater Management Act

The latest conference call with State Water Resources Control Board (SWRCB) staff during the week of September 11th to review the status of the new Groundwater Sustainability Plan (GSP) mainly covered the topics of a Domestic Well Mitigation Program and baseline Water Quality objectives. The SWRCB is continuing to hold a very strong opinion that irrigated ag, is responsible for all domestic well issues (both from a water level and quality perspective). This is creating a lot of heartburn within the Delta Mendota subbasin. The staff is also holding firm that existing groundwater water quality in the subbasin, even if it has always been saline and non-usable, is still the responsibility of irrigated to not degrade the water quality further. This is creating a lot of issues, because there are pockets of the subbasin that groundwater wells don’t exist because of historical bad water quality, but the SWRCB staff is still pushing that any further degradation of the quality is the responsibility of the subbasin irrigators. The Delta Mendota subbasin coordination committee is going to push hard to get all five SWRCB members

out to the service area for a thorough site tour to work through these issues within the months of October and November.

B. Los Vaqueros Expansion Project

Staff is continuing to work with Del Puerto Water District and Westlands Water District on the Joint Powers Agreement for the expansion project as it relates to the conveyance portion of the project. The Joint Powers Authority hopes to have enough details out to the participants by the end of October for individual water districts to make their final business decision on if they can proceed with their pro-rata share of the construction financing.

C. Water Storage and Conveyance Discussions

Mr. Hurley gave an update on the following:

1. Arvin Edison Water Storage District: Staff continues to work with the Hallmark group and Arvin Edison on the multi-year 30,00 Acre Foot exchange of surplus CVP water supplies in various water year types. The goal is to have a more thorough discussion on the topic at the October 2023 board meeting.
2. West Stanislaus Irrigation District (WSID): Staff reviewed a draft bullet point Memorandum of Understanding that had comments from WSID. Mr. Hurley stated that most of the revisions made by WSID were straight forward and something that Panoche could agree with. Yet, the financial obligations that Panoche had to agree to in order to “reserve” capacity in the pipeline were very expensive on a \$/Acre Foot basis. There was much discussion on the topic and ultimately the board gave direction to Mr. McGowan to meet with Mr. Pierce of WSID and let him know that the proposed conveyance rates as drafted were too expensive for Panoche to move forward.

D. San Luis Delta Mendota Water Authority

1. South of Delta Drought Contingency Plan

The Exchange Contractors and the Bureau of Reclamation continue to work with the Friant Contractors on the potential to store carryover water in San Luis Reservoir for the purpose of meeting dry year water supply scenarios. Mr. Hurley explained that the current position of the Bureau as it relates to managing westside CVP supplies under their proposal creates too much risk for contractors such as Panoche Water District. The proposal is also severely limited until the Bureau can find other locations to store excess CVP supplies on an annual basis other than in San Luis Reservoir. The board gave direction to staff to be very careful on giving the Bureau or the Exchange Contractors a sense that they can store or adaptively manage CVP westside supplies unless it is clearly laid out that there is zero risk to losing any of that water.

2. Exchange Contractors Transfer Program

The SLDWMA activity agreement members, of which Panoche is a participant, is continuing to meet with Chris White of the Exchange Contractors on negotiations of a two year conserved water transfer program. The board reminded staff that Panoche’s growers dealt with three consecutive years of drought and depressed commodity prices and aren’t in the mode to spend a lot of money over the next couple of years on supplemental water. They would like the negotiating team to push back very hard for a pricing schematic that focuses on much cheaper water than the 2023 program.

3. North of Delta Transfer Program

The SLDMWA is moving forward with an updated activity agreement that will cover a 2024 transfer program along with a program in 2025 that will be covered with a new twenty-year EIR/EIS environmental document. Mr. Hurley reviewed various aspects of the updated activity agreement and asked the board for approval of the document. The board agreed

with the latest draft and gave direction to Mr. McGowan to contact the SLDMWA management and let them know that Panoche is in agreement.

- E. **Other:** Mr. Hurley updated the board that an appraisal is currently in progress on the District owned house on Althea Avenue east of the District's headquarters.

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

No other items.

FUTURE MEETING DATES

- A. Next Regular Meeting Date: November 14, 2023

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

At 1:12pm

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to Litigation pursuant to Section 54956.9(d), paragraph (2) or (3):

Number of Cases: Three

- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Section 54956.9(d)(1):

Names of Cases:

- i. PCFFA v. Glaser, et. al.
US District Court, E.D. Cal, Case No. 2:11-cv-02980

REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1) at 1:49pm

The Board met in Closed Session and there was no recordable action taken.

PANOCHÉ WATER DISTRICT CLOSED SESSION at 1:20 pm

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to Litigation pursuant to Section 54956.9(d), paragraph (2) or (3):

Number of Cases: Four

- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Section 54956.9(d)(1):

Names of Cases:

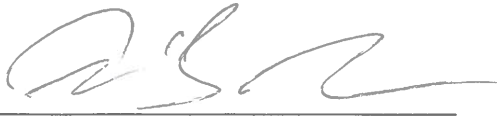
- ii. Imani Percoats & Chris Bettencourt vs. Panoche Water District
Fresno County Superior Court Case No. 18CECG01651
- iii. Center for Biological Diversity, et al. v. United States, et al.
US District Court, E.D. Cal, Case No. 1:20-CV-00760 DAD-EPG
- v. North Coast Rivers Alliance, et al. v. Kenneth Salazar, et al.
US District Court, E.D. Cal., Case No. 1:16-cv-00307-DAD-SKO
- vi. Firebaugh Canal Water District & Central California Water District v. United States, et al.
US District Court, E.D. Cal., Case 1:88-cv-00634-LJO-SKO

REPORT FROM CLOSED SESSION

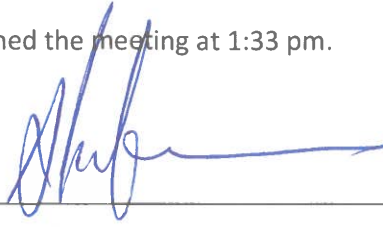
The Board met in closed session and took no recordable action.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 1:33 pm.



Aaron Barcellos, President



Steve Fausone, Secretary