

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES
February 10, 2026**

A regular meeting of the Board of Directors was held on February 10th, 2026, starting at 9:30 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
 Beau Correia, Vice-President (Arrived at 10:16 am)
 Steve Fausone, Secretary
 Wayne Western, Director

Staff : Patrick McGowan, General Manager
 Marlene Brazil, Accounting Supervisor
 Juan Cadena, Water Resources Manager
 Chris Carlucci, Operations & Maintenance Manager
 Josh Marquez, Contracts Administrator
 Sandra Reyes, Water Master

Others: Joe Hopkins, Provost & Pritchard
 Chase Hurley, Water and Land Solutions
 Chris Linneman, Summers Engineering
 Palmer McCoy, Grassland Basin Authority
 Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 9:33 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

At this time, General Manager Patrick McGowan informed the board that we would be discussing Agenda Item 6 and Engineer Joe Hopkins would be updating the board on considering approval of Provost & Pritchard's Scope Amendment to control survey-subsidence monitoring.

BOARD TO REVIEW AND CONSIDER APPROVAL OF PROVOST & PRITCHARD'S SCOPE AMENDMENT TO CONTROL SURVEY-SUBSIDENCE MONITORING

Engineer Joe Hopkins reported to the board that Provost & Pritchard (P & P) has been evaluating subsidence in the District since 2020 by surveying 10 benchmarks in the District bi-annually. A report is generated each year that compares the elevations to identify trends. The report also attempts to make

a correlation to groundwater extractions, by comparing subsidence rates to Central Valley Project (CVP) allocations. During the phase of this scope amendment, P & P will be requesting information from 2020 to present from the District, such as groundwater extraction per well annually, depth to groundwater data for many wells, and location and aquifer designation of all wells. From this data, P & P will be able to create a change in groundwater elevation map annually, a pumping density map, a graph comparing groundwater elevation to subsidence data, and a graph comparing groundwater extractions to subsidence data. We would also utilize this report to help with our pumping reduction plans. After discussion by the board and upon a motion by Director Western and seconded by Secretary Fausone, the board approved the scope amendment as presented by Provost & Pritchard.

The vote on the motion was as follows:

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

The Board continued the meeting and resumed with Agenda Item 5.

BOARD TO REVIEW AND CONSIDER APPROVING THE JANUARY 13, 2026, REGULAR BOARD MEETING MINUTES

Upon a motion by Director Western and seconded by Secretary Fausone, the Board approved the January 13th, 2026, regular board meeting minutes as presented.

The vote on the motion was as follows:

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

BOARD TO REVIEW AND CONSIDER APPROVAL OF THE EXCHANGE CONTRACTORS CONSERVED WATER TRANSFERS PROGRAM 2026-2038 ACTIVITY AGREEMENT

General Manager Patrick McGowan presented the board with the San Luis & Delta-Mendota Water Authority's (SLDMWA) Exchange Contractors 2026-2038 Activity Agreement. The past transfer agreements we have participated in with the San Joaquin River Exchange Contractors Water Authority (SJRECWA) through the SLDMWA have provided for up to 80,000 AF for all participating members, implemented through successive one-year transfers. Water Authority Activity Agreement members obtained supplemental water supply each year through these agreements.

After discussion by the board and upon a motion by Director Western and seconded by Secretary Fausone, the board approved the SLDMA/SJRECWA conserved water transfer program 2026-2038 activity agreement.

The vote on the motion was as follows:

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

BOARD TO REVIEW AND CONSIDER ADOPTING RESOLUTION # 856-25 TO ADOPT A POLICY FOR AB 2257

General Manager Patrick McGowan presented the board with Resolution # 856-25 and Legal Counsel Phil Williams reported that Assembly Bill 2257 amended a government code section 53759.1 to allow local agencies to require ratepayers and property owners to exhaust administrative remedies before bringing

judicial actions alleging noncompliance with Proposition 218. Mr. Williams explained it provides additional coverage and protection for the District in passing this resolution.

After discussion by the board and upon a motion by Secretary Fausone and seconded by Director Western, the board adopted Resolution # 856-25 to adopt a policy for AB 2257.

The vote on the motion was as follows:

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

BOARD TO REVIEW AND CONSIDER APPROVAL OF PRELIMINARY ENGINEERING REPORT FOR WATER TREATMENT PLANT PROJECT

General Manager (GM) Patrick McGowan reported that the current water treatment plant has 67,000 gallons of storage and the proposed new plant would store 160,000 gallons and be able to provide water to customers even during system emergencies or electrical outages. GM McGowan presented the Board with Black Water Consulting Engineers' preliminary engineering report on the Water Treatment Plant Replacement. Panoche Water District (PWD) began planning to replace its existing water treatment plant in 2014, but various issues in management postponed and ultimately halted any efforts moving forward. PWD invited Black Water to prepare this proposal to assist with the completion and submittal of the project's Preliminary Engineering Report (PER). GM McGowan explained that our agreement with Black Water addresses the anticipated tasks for completing the PER and submitting the document with the Planning Application for project funding. Subsequent engineering tasks will be proved to PWD by Black Water at the appropriate time when the status and scope of the project have been finalized and approved by the Client and the State Water Resources Control Board.

After discussion by the board and upon a motion by Secretary Fausone and seconded by Director Western, the board approved the preliminary engineering report from Black Water and moving forward to obtain funding.

The vote on the motion was as follows:

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

BOARD TO REVIEW AND DISCUSS THE PROPOSED BUDGET FOR THE FISCAL YEAR ENDING FEBRUARY 28, 2027, AS WELL AS PROPOSED WY 2026-27 WATER RATE STRUCTURE

General Manager Patrick McGowan reported that staff have been working on a forty percent budget and water rate scenario as suggested by the Board and for the most part are completed.

After discussion by the board, it was decided to bring the FY 2026-2027 budget and water rate structure back before the board in February for approval.

FINANCIAL REPORTS

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2025 Budget-to-Actual Report**
- D. Other Financial Matters Affecting the District**

After discussion by the Board and upon a motion by Vice-President Correia and seconded by Secretary Fausone, the board approved the financial reports as presented by Accounting Supervisor Mrs. Brazil.

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 February 1, 2026:

San Luis Reservoir Total Storage:	<u>1,597,129 AF</u>
San Luis Reservoir Federal Storage:	<u>608,203 AF</u>
San Luis Reservoir % of Total Capacity	<u>78% (100% = 2,041,000 AF)</u>
San Luis Reservoir Federal % Share	<u>38%</u>

Average 1,527,221 AF – As of February 1 – Overall at 105% of average

Panoche Update as of February 1, 2026:

USBR 2025 Water Balance:	<u>14,986 AF (55%)</u>
USBR Resch. Water Balance	<u>0 AF</u>
January, 2026 Grower Deliveries:	<u>1,533 AF</u>
Total Deliveries to date (Mar-Jan):	<u>54,807 AF</u>

The water figures do not include the Drought Pool of 2,350 AF.

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

- The December O&M billings, Interest billings, and M&I Water billings were completed and mailed out.
- January’s Water Usage, Interest, and M&I Billings will go out on 2/16/2026.
- Coloring and will report January’s Water, M&I, and Transfer Usage for PWD for the DMC and SLC to SJRECWA/SLDMWA/USBR/DWR.
- Will finalize the Water Payment Summaries for the DMC & SLC to the USBR & SLDMWA for January.
- Finalized the PDD and PWD Board Meeting Minutes for last month’s meetings.
- Reconciled all the bank statements and Fresno County Fund for the month of January for all Districts.
- Processed the Board Meeting AR Reports for PDD & PWD
- Reached out to growers regarding their delinquencies for both PDD & PWD
- Updated the Water Forecast Scenario spreadsheet for the board meeting.
- Attended another training seminar via Zoom with Streamline / Signed up for 2 more.
- Will update the PWD WY 2025-2026 Water Inventory File for January
- Attended two FPPC Training Webinars on 700 Forms and duties as a Filing Officer
- Still working on a project for Juan of the overall District map APN’s and ownership / researching and updating to current / Currently on Division I out of V.
- Continuing to work on the PWD WY 2026-2027 Water Cost Rate Budget.
- Need to issue credit for USBR Water turned back 219 AF @ \$103/AF = (\$ 22,557.00)
- Logging 700 Forms as they are turned in and will send reminders every month for those who haven’t
- Completed and finalized all of the Grower Forms and Letter to be mailed out for WY 2026-2027 / Mailed out all the Grower Packets / Keeping track and logging as they are submitted.
- Estimated the PWD budget with Water Expenses to be paid and O&M Revenue to be collected to the end of February 28, 2026.

Special Note: Ms. Reyes thanked the board for the opportunity to attend the Water User's Conference.

Ms. Reyes presented the Board with the District's Water Accounting Spreadsheet for December for WY 25-26, a graph of the current reservoir conditions, as well as graphs specific to the San Luis Reservoir, and the forecasted water scenario. Ms. Reyes also presented the board with a preliminary draft budget of the water cost rates for discussion. Also included in the water delivery reports was the Project Operations Summary Update received from Tom Boardman.

Water Resources Manager Juan Cadena presented the board with a total water delivery graph for the month of December, as well as water quality graphs for the District.

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

- General Maintenance.
- Staff installed weir board riser on the 10E-2 ditch for turnout 82E.
- Staff installed a new gate for turnout 91N.
- Staff installed a new 24" Tee and 15" Elbow for turnout 71N.
- Staff made repairs to Lateral 2 discharge pipe.
- Staff noticed that Lateral 2 was leaking water into the contour canal. I had staff shut off the water to Lateral 2. I had a video company come out and inspect the pipe. From the video, we found that there were three joints that had come apart in the pipeline. Staff made necessary repairs to get the Lateral up and running again. I am working with the company (VIS) to get quotes on getting the pipeline refurbished for next year's winter project.
- Contour Canal Project – McElvany staff has poured the concrete liner from Nees Ave to Herndon Ave. They have also formed and poured concrete for the long-crested weir.
- Weed Control – Staff sprayed T-Canal and parts of Main Canal.
- Water Treatment Plant – Staff installed a new 8-inch foot valve and pump for the backwash system. Staff made repairs to the treated water line.
- Pacheco WD – Staff made repairs to the pipeline off Hamburg Road. Staff also installed two new head gates, 1-18 inch and 1-36 inch, off Pacheco's main lift.
- GBA - Staff sprayed pre-emergent on SLD.
- Preventative Pump Maintenance Plan. (work in progress)

GM McGowan noted that Lateral 2 had been an emergency situation and Mr. Carlucci had worked with the growers and started working on repairs. GM McGowan also noted that staff had done a great job.

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

- I. Update on Forefront Solar Project
- II. Update on USBR Water Smart Grant Project for Contour Canal and Expenses

Ethics and Compliance:

- No calls were reported to the Hotline for the month of January.
- Trained staff on Ethics and Compliance Program and Code of Conduct.

Risk Management:

- Safety Compliance Company conducted safety training on Accident and Incident Reporting.

Contract Administration:

- Contour Canal – District match of \$1.94M nearly met. Anticipate next invoices to be reimbursed from USBR Grant Funds of \$ 1.88M.
- Computer analysis with BCT; due to need to upgrade to windows 11.
- Requesting proposals for security systems for District facilities.

Contracts Administrator Josh Marquez also presented the board with pictures of the Contour Canal project's progress. Mr. Marquez noted that he is working on the calendar for the elections and two seats are open on both the Panoche Water District and Panoche Drainage District.

- D. **Accounting Supervisor Marlene Brazil, in the absence of Human Resources Diana Moses, reported on the following risk management and human resources activities that occurred in January:**

Workers' Compensation Update: No Changes

Currently there is one active open workers' compensation claim:

- The employees' claim has been resolved with 0% permanent disability: however, the employees does have future medical. According to the labor code, the claim will remain open for 2 years from the last treatment, which was on 1/20/25, and can be closed as of 1/20/2027.
- There were no new claims in January.

- E. **Other Matters:**

GM McGowan noted that there was nothing further to report on for January but did want to remind everyone of the Pacheco Water District / Panoche Water District Joint Grower Workshop being held on February 25, 2026.

BOARD TO RECEIVE UPDATES AND PROVIDE INPUT ON PRELIMINARY BUDGET DISCUSSIONS FOR WATER YEAR 2026-2027

GM McGowan presented the board with a preliminary draft of the budget for Water Year 2026-2027 explaining that staff had met a couple of times and still had some things to finalize before presenting the final draft to approve.

BOARD TO RECEIVE UPDATES ON PERMANENT CROP MAP AND SUPPLEMENTAL WATER NEEDS FOR WATER YEAR 2026-2027

Water Resources Manager Juan Cadena presented the board with an updated annual water demand spreadsheet that showed the different crops, acreage, and age of trees planted within the District. Utilizing this information, Mr. Cadena was able to predict the annual water demand needed to supply our growers.

BOARD TO RECEIVE UPDATES FROM STAFF ON VARIOUS MATTERS AFFECTING THE DISTRICT

General Manager Patrick McGowan reported on various items that had been completed, or were ongoing, on the Action Items List presented – dated January 13th, 2026, and answered any questions that the Board had.

GENERAL MANAGER'S REPORT

GM McGowan gave the following manager update for the month of January.

A. SGMA:

I. Central Delta Mendota GSA:

GM McGowan reported that the Central Delta Mendota GSA is in the process of transitioning work away from the San Luis and Delta-Mendota Water Authority (SLDMWA) and most of its time has been spent on establishing the JPA.

II. Delta Mendota Subbasin Coordination Committee:

GM McGowan reported that most of the workload at the meetings has been focused on setting up the JPA after transition away from SLDMWA program management services. The Hallmark Group will be our new program manager along with EKI as our technical consultant. The group is confident that our probationary status will soon be lifted and the SWRCB will return our GSP to DWR for evaluation.

- B. **Domestic Water Treatment Plant PER Update:** GM McGowan noted that we had already discussed the Water Treatment Plant under Agenda Item 9.
- C. **South of Delta Pilot Drought Program:** GM McGowan reported that Westlands Water District has proposed language to our existing Drought Pilot program that would add flexibility to when we take deliveries. The concept outlines the ability to call on the water at the beginning of the water year if the share is returned in the same water year.
- D. **Brackish Water Recovery Project:** GM McGowan reported that PWD is continuing to work with Mr. Palmer McCoy to work out the details of the proposed program.
- E. **Water Supply, Storage, and Conveyance Discussions:** GM McGowan reported that this would be discussed further in Closed Session.
- F. **Mid-State Water User's Conference:** GM McGowan reported that he was able to schedule some productive meetings at the water user's conference and had some great discussions.

GM McGowan reported to the Board that he and Water Master, Sandra Reyes would be attending the Water Users Conference in Reno being held from January 27th – 29th, 2025. Water Resources Manager, Juan Cadena would be attending the California Water Institute Conference in Sacramento being held January 25th – 26th 2025. GM McGowan noted that if any board members were interest in attending the water users conference to please let staff know, so their accommodations could be made.

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

No other items.

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

At 11:22 am, the Board met in Closed Session to have discussions with legal counsel related to anticipated litigation. At 11:30 am, Mr. Williams reported that no reportable actions were taken in Closed Session.

PANOCHÉ WATER DISTRICT CLOSED SESSION:

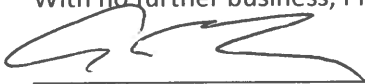
At 11:40 am, the Board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 12:21pm, Mr. Williams reported that no reportable actions were taken in Closed session.

FUTURE MEETING DATES

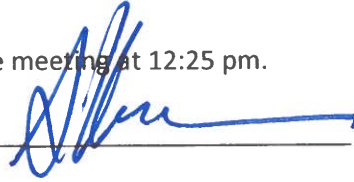
- A. Next Regular Board Meeting Date: March 10th, 2026, at 9:30 am.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 12:25 pm.



Aaron Barcellos, President



Steve Fausone, Secretary