

**PANOCHÉ WATER DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
FEBRUARY 20, 2024**

A regular meeting of the Board of Directors was held on February 20, 2024, starting at 9:51 am. Those present at the meeting were:

Directors:                Aaron Barcellos, President  
                              Neill Callis, Director  
                              Beau Correia, Director (10:23 AM)  
                              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  
                              Palmer McCoy, GBA  
                              Phil Williams, Legal Counsel

**CALL TO ORDER**

President Barcellos called the meeting to order at 9:51 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 JANUARY 9, 2024, REGULAR BOARD MEETING MINUTES**

Upon a motion by Director Callis and seconded by Director Fausone, the Board approved the January 9, 2024, 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 Accounting Supervisor Mrs. Brazil. The vote on the motion was as follows:

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

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

The board discussed the proposed budget and made a few suggestions, such as moving to a new budgeting format.

### **THE BOARD TO REVIEW AND APPROVE A 5-YEAR REPAYMENT AGREEMENT BETWEEN PANOCHÉ DRAINAGE DISTRICT AND PANOCHÉ WATER DISTRICT BEGINNING MARCH 1, 2024, FOR THE AMOUNT OF \$716,521.50, AS WELL AS ADOPT RESOLUTION #846-24 NEEDED FOR THIS ACTION**

Upon a motion by Director Callis and seconded by Director Fausone, the board approved the 5-year repayment agreement between Panoche Water District and Panoche Drainage District, as well as approved Resolution #846-24 authorizing the execution of the repayment agreement. 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 GIVE DIRECTION ON A DRAFT SUBSIDENCE MITIGATION POLICY ALONG THE DELTA-MENDOTA CANAL WITHIN THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT'S DELTA-MENDOTA SUBBASIN**

General Manager Patrick McGowan presented the Board of Directors with the Central Delta-Mendota Groundwater Sustainability (CDMGS) Subsidence policy. The southern DMC subsidence management area (SSMA) consists of 24,720 acres and is broken up into three regions A, B, and C. The policy is asking that wells not be pumped more than .25 AF/AC in any given year. The objective is for all of the Districts within zone 4 to adopt and implement this policy. Mr. McGowan also reported that the group is currently pursuing surface water imports to substitute well water curtailments.

The board gave Mr. McGowan the direction to provide a map showing the acreage affected for Panoche Water District, as well as a list of growers that are within the regions.

### **THE BOARD TO REVIEW AND APPROVE THE MULTI-YEAR WATER TRANSFER AGREEMENT BETWEEN LANDOWNER AND DISTRICT**

General Manager Patrick McGowan explained that this multi-year transfer agreement would likely be utilized by a small group of growers within Panoche WD with minimal acreage. This agreement could assist landowners that do not farm their property with staying current on District fees.

After further discussion by the board, it was decided that this item would be tabled for this Water Year and brought back next water year, if applicable.

**THE BOARD TO REVIEW AND CONSIDER APPROVING THREE PROPOSED WATER PURCHASE AGREEMENTS THAT WOULD HELP ADD TO THE DISTRICT'S SUPPLEMENTAL WATER SUPPLY**

General Manager Patrick McGowan reported that the District had acquired the ability to purchase 7,500 AF of supplemental water from three separate agencies. The Board gave direction to enter into an agreement for one 2,500 AF block of water at this time.

After discussion by the board, it was decided that the District would approve the proposed water purchase, however would wait on making a decision on the other two proposals until the 2<sup>nd</sup> USBR Allocation had been announced in March.

Upon a motion by Director Callis and seconded by Director Fausone, the board approved the West Stanislaus water purchase and also proceeded to give Mr. McGowan the authority to negotiate on behalf of the District in regards to the other two proposals. The vote on the motion was as follows:

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

**DIVISION REPORTS**

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

San Luis Reservoir Total Storage:	<u>1,239,583 AF</u>
San Luis Reservoir Federal Storage:	<u>842,278 AF</u>
San Luis Reservoir % of Total Capacity	<u>62%</u>

**Panoche Update as of February 1, 2024:**

USBR 2023 Water Balance:	<u>71,666 AF</u>
January, 2024 Deliveries:	<u>1,860 AF</u>
Total Deliveries to date (MAR-JAN):	<u>52,230 AF</u>

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

- The O&M Budget has met it's 45,000 AF target delivery base and has exceeded that total by 7,230 AF.
- A cash flow analysis was presented to the board for WY 2023-2024 with estimations for the remaining months.
- The January O&M and Interest billings were completed and mailed out on 2/15/2024.
- An e-mail reminder notice for the 700 Forms due for the different Districts will be sent out this month.
- The Water Department worked on finalizing and mailing out the water forms to the growers, such as water applications for next year, rescheduled water requests, supplemental water requests, water allocation forms, crop reports for WY2023-24, and crop maps for WY 2024-25.
- Helped work on the O&M Budget and continued working on the Water Rate Cost budget.
- 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 January:**

- General Maintenance.
- Installed new staircase at 10E-2 turnout.
- Millux ditch was cleaned out and ready for new liner.
- Repaired head gates at 208 box lateral 2.
- Weed Control – sprayed sterilant at PWD yard and homes, Russell turnout, Laterals 2 & 3.
- Still making repairs to all PWD mainline meters and filter station meters.
- Had facility inspections with County of Fresno Public Health at PWD shops and PWD water treatment facility. Everything went well and we did Pass inspections.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)

Mr. Carlucci presented the board with a copy of both the preventative pump maintenance plan and the equipment replacement forecast plan and answered any questions.

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

- Mr. McGowan explained that Jim Gartung Engineering is working to finalize the cost analysis for his preliminary engineering report and has identified that there are minimal savings associated with downsizing the proposed treatment plant upgrade .
- The next Water Quality JPA Board meeting is scheduled in March and the District will proposing the specifics involved in making an additional connection to the JPA's pipeline. District staff have been in contact with JPA engineer regarding pipeline conveyance capacity requirements and do not anticipate any further issues.
- Engineer Jim Gartung stated that making the adjustments to the current design to accommodate this proposed expansion would be relatively easy and would not add significantly to the cost of the current project.
- Mr. McGowan also explained that he had spoken with Joel Greathouse and Matthew Freese from the State Water Resource Control Board recently regarding the potential addition of the 40 service connections from the Russell Avenue community and presented an e-mail to the board that he had sent to the SWRCB after their phone conversation.

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

**Ethics and Compliance:**

- Mr. Marquez attended the live, virtual Government Contracting, Compliance, and Ethics Conference hosted by the Society of Corporate Compliance and Ethics.
- No calls were reported on the Speak-Up Hotline.

**Risk Management**

- Mrs. Amy McDougal from ClearResources trained Mr. McGowan and myself on the parameters of the Risk Management Assessment. The assessment is hereby included for review. This assessment is a living document that continues to be shaped by the administrative updates and implementations of our District policies and adherence to all laws.

Mr. Marquez also informed the board that the company Safety Compliance was working well and had already set up the calendar for the year for the meetings/trainings necessary for the District.

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

Workers Compensation:

- One Employee remains on modified duty.
- One Employee has returned full-time from modified duty.

**Other Matters:** No Other Matters to report.

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

- Mr. Marquez reported that he, Patrick McGowan, and Chris Linneman attended a meeting with USBR staff.
- The cultural resource evaluation, that is required by the USBR for NEPA coverage is underway. This process will take the longest to complete, a period of 90 days, or so. The USBR is developing the NEPA document and SEI will complete a categorical exemption for CEQA coverage.
- The surveying for the design is complete and initial drawings are underway. Contract documents and drawing should be ready mid-summer with an expected bid-date sometime in October. Construction should begin November/December and completed before March 1<sup>st</sup>. This date would be dependent on the USBR completing it's NEPA process before the fall.

Mr. Marquez presented the board with a memorandum that let them know for the month of January, a total of 11 surplus vehicles had been sold through GovDeals.com for a grand total of \$ 16,123. All vehicles have been picked up by the winning bidders.

**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 January 9, 2024. Mr. McGowan let the board know that the employee handbook is currently being worked on by Accounting Supervisor, Marlene Brazil and will be presented to the board soon.

*At 11:55 am, President Barcellos announced that the meeting would take a break for the Panoche Water District Grower Workshop being held at noon.*

*At 1:03 pm, President Barcellos called the meeting to order and the board meeting was resumed.*

**GENERAL MANAGER'S REPORT**

GM McGowan gave the following manager update for December:

**A. Sustainable Groundwater Management Act**

General Manager Patrick McGowan presented the Board of Directors with the Central Delta-Mendota Groundwater Sustainability (CDMGS) Subsidence policy. The southern DMC subsidence management area (SSMA) consists of 24,720 acres and is broken up into three regions A, B, and C. The policy looks to enforce that wells not pump more than .25 AF/AC in any given year. The objective is for all of the Districts within zone 4 to adopt and implement this

policy. Mr. McGowan also reported that the group is currently pursuing surface water imports to substitute well water curtailments. Mr. McGowan asked that any additional feedback be expedited to ensure all concerns are addressed in future conversations regarding the draft policy.

**B. Los Vaqueros Expansion Project**

Mr. McGowan stated that the project is moving along, but there have been no significant changes. Talks are being held to gauge Panoche Water District's interest and the associated benefits of participation. Mr. McGowan noted that we are still within range to opt out of participating in the Los Vacqueros Expansion Project.

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

**D. San Luis Delta Mendota Water Authority**

Mr. McGowan reported that the USBR, SLDMWA, and Friant are working on a memorandum of Understanding (MOU), that also has a drought plan. Within the MOU, 5% of our water allocation would be in reserves for us to be able to draw from in multiple water years and would be subject to spills. This water supply could be added to our Supplemental water supply in future years. This year we are experimenting in a pilot program for 2.5%, or 2,350 AF currently stored in San Luis Reservoir. The pilot program, however, will not affect the District's rescheduling AF amount of 9,400 AF. Losses and spills within the pilot program are still being discussed.

**E. Other:**

Mr. McGowan presented the board with a draft of the merit policy from the new employee Handbook and pointed out that the policy looks at several different factors, such as tenure – evaluations – workload parameters, as examples.

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

No other items.

**FUTURE MEETING DATES**

A. Next Regular Meeting Date: April 9, 2024

**PANOCHÉ WATER DISTRICT CLOSED SESSION:**

At 12:19 pm, the board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 1:19 PM, Mr. Williams reported that no reportable actions were taken in Closed session.

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

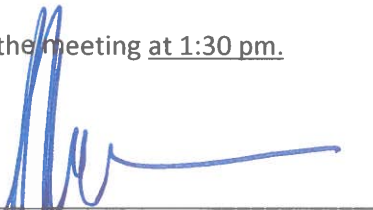
At 1:19 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation. At 1:20 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

**ADJOURNMENT**

With no further business, President Barcellos adjourned the meeting at 1:30 pm.



Aaron Barcellos, President



Steve Fausone, Secretary