

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING MINUTES
July 15, 2024**

A special meeting of the Board of Directors was held on July 15, 2024, starting at 10:00 am. Those present at the meeting were:

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

Staff : Patrick McGowan, General Manager
Chris Carlucci, Maintenance Manager
Josh Marquez, Contracts Administrator
Sandra Reyes, Water Master

Others: Palmer McCoy, GBA
Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 10:11 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 JUNE 11, 2024, REGULAR BOARD MEETING MINUTES

Upon a motion by Director Callis and seconded by Secretary Fausone, the board approved the June 11, 2024, regular board meeting minutes as presented.

The vote on the motion was as follows:

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

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 Director Callis and seconded by Director Western, the board approved the financial reports as presented by Water Master Sandra 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 GIVE DIRECTION TO STAFF CONCERNING PANOCHÉ WATER DISTRICT DRAFT SOLAR POLICY

General Manager Patrick McGowan stated that this Agenda Item had already been discussed and addressed in the Panoche Drainage District board meeting and reserved the right to re-visit this Agenda Item.

THE BOARD TO REVIEW AND CONSIDER ANY CHANGES TO THE CENTRAL VALLEY PROJECT WATER TRANSFER POLICY

After discussion by the Board and upon a motion by Secretary Fausone and seconded by Director Callis, the board approved the Central Valley Project Water Transfer Policy with the redlined additions.

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 ASSET MANAGEMENT, WATER MANAGEMENT, AND ENERGY & COST OPTIMIZATION PROPOSALS FROM AGMONITOR

General Manager Patrick McGowan presented the Board with AgMonitor's two Project Proposals for Panoche Water District. Mr. McGowan explained that representative Matt Nunes had been out surveying the District and that Option 1 was more suitable for our needs. After discussion by the Board, it was decided that the District should pursue Option 1 that was quoted. Upon a motion by Director Callis and seconded by Secretary Fausone, the board approved Option 1 as discussed. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND GIVE DIRECTION TO STAFF REGARDING THE SUBSIDENCE MITIGATION POLICY ALONG THE DELTA-MENDOTA CANAL WITHIN THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT'S DELTA MENDOTA SUBBASIN

General Manager Patrick McGowan informed the Board that he had recently spoken with Mr. Chase Hurley and Lon Martin regarding holding a grower workshop being held, prior to a decision needing to be made in August. The two biggest issues still being subsidence and the overdraft in Region 4. The State Water Resources Control Board is hoping to show reductions in pumping from Day One that the policy is implemented, but conversations still need to take place about how the Districts are going to handle this. After discussion by the Board, no formal action was taken.

THE BOARD TO DISCUSS AND CONSIDER ENTERING INTO LICENSE AGREEMENT WITH THE WATER QUALITY IMPROVEMENT JOINT POWERS AGENCY FOR DOS PALOS AREA FOR CONVEYANCE OF DOMESTIC WATER THROUGH RAW WATER LINE

General Manager Patrick McGowan presented the Board with a copy of the License Agreement. The updated agreement enables Panoche the availability to receive up to two hundred fifty gallons per minute from the JPA Raw Water Line, with an additional service connection to deliver water to our proposed new treatment plant facility.

After discussion by the board and upon a motion by Director Callis and seconded by Secretary Fausone, the Board approved entering into a license agreement with the Dos Palos JPA subject to any corrections/revisions from the General Manager of Panoche Water District and the Legal Counsel for Panoche Water District. 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 ENTERING INTO A PROFESSIONAL SERVICES AGREEMENT WITH MIZUNO CONSULTING, INC.

General Manager Patrick McGowan reported that Panoche Water District to date has spent \$960,000 on the Los Vaqueros Expansion Project planning. The timeline of committing to this project is drawing near. Mr. McGowan suggested that the Board enter into an agreement with Mizuno Consulting, Inc., to evaluate the business case benefits for Panoche Water District.

After discussion by the board and upon a motion by Director Callis and seconded by Director Western, the Board approved to enter into a professional services agreement with Mizuno Consulting Inc.

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 July 1, 2024:

San Luis Reservoir Total Storage:	<u>1,001,165 AF</u>
San Luis Reservoir Federal Storage:	<u>655,086 AF</u>
San Luis Reservoir % of Total Capacity	<u>49%</u>

Panoche Update as of July 1, 2024:

USBR 2024 Water Balance:	<u>47,557 AF</u>
USBR Resch. Water Balance	<u>0 AF</u>
June, 2024 Grower Deliveries:	<u>10,019 AF</u>
Total Deliveries to date (June):	<u>23,014 AF</u>

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

- The May O&M, Interest, and M&I billings were completed and mailed out mid-June.
- June's Billings will go out on 7/16/24.
- E-mailed and hard copy mailed the Delinquency Policy to all Growers/Landowners.
- Mailed out a Grower Request Letter for the additional 10% USBR allocation.

- Need to allocate the additional 10% and process the water cost billing.
- Processed the 1st Installment O&M Billing for PWD.
- Colored and reported June's Water, M&I, and Transfer Usage for PWD for the DMC and SLC to SJRECWA/SLDMWA/USBR.
- Need to allocate Grower transfer and well water for June Billings.
- Working on the Water Payment summaries to the USBR & SLDMWA for June
- Need to finish the PWD Board Minutes from last month's meeting.

General Manager Patrick McGowan presented the board with a water quality graph for the Main Station and another water quality graph for the T-Canal. Mr. McGowan explained that samples are being taken and monitored at two locations – the old station and station 2.

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

- General Maintenance.
- Staff installed two new box covers for Lateral 2 – 209 boxes.
- Staff made repairs to 70 ditch trash racks.
- Staff installed catwalk at 11E-2 filter station and for water treatment.
- Weed Control – Staff sprayed PWD Main Canal, T-Canal, Contour Canal, Lateral 2 & 3 ditch, 10E-2 ditch, and 85 box.
- Canal Treatments – T-Canal, T-2, T-3, Direct Connect, PWD Main Station 1 & 4, Lateral 2 & 3, Russell Lift, 10E-2 ditch, and Shaw & 79 box.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)
- Pacheco WD weed Control – PWD staff sprayed Pacheco Extension, Pacheco drains, ponds, Master drain, and Laterals 2, 3, 4, 5, 6, &7.
- GBA Ponds – PWD staff excavated northside pond bank. Staff moved approximately 12,000 cu. yards of dirt for the GBA pipeline.

Mr. Carlucci also informed the Board that he received a call from Mr. Hanna regarding the Quotes to be provided to the District, but his attorney had advised against it.

Mr. Carlucci also informed the board that he had received two price quotes on vehicles for \$100,000 total and the District had budgeted \$ 90,000.

C. Domestic Water Treatment Plant:

General Manager Patrick McGowan reported that with the Water Quality JPA approval and that Mr. Cadena working on CEQA we should be able to finalize our Preliminary Engineering Report with the SWRCB. Once the SWRCB receives this information they can move forward with determining the Districts funding agreement for this proposed project. Mr. McGowan also noted that Juan and the one canalmen, Mike Gonzalez, have been working on obtaining their water treatment certification and continuing education courses. McGowan mentioned that having a certified Water Treatment Operator working for Panoche would greatly reduce annual expenses while improving water quality for our community. A monthly reoccurring meeting is being set up with the state, engineers, and PWD staff.

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

Ethics and Compliance:

- No calls were reported on the Speak-Up Hotline for the month of June.
- Correspondence with Monitor regarding annual review.
- Compliance training for this month focused on District Policy: Care & Return of District property.

Risk Management:

- Safety Compliance Company conducted safety training on Ergonomics and hand safety.
- Review draft procurement policy.

Contract Administration:

- Contour Canal – Correspondence with USBR regarding next steps.
- Interconnection agreement signed and submitted to PG&E. Mr. Cadena will be filing CEQA NOE. Forefront will be conducting a geotechnical investigation which will include drilling at phase 1 site.

E. **Human Resources:** Nothing new to report.

F. **Other Matters:** No other matters to report on at this time.

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

Contracts Administrator Josh Marquez provided a Forefront Solar Project update under his Contract Administration report.

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

Summers Engineering Consultant Mr. Chris Linneman was able to provide a memorandum outlining the project status update for the Board. Mr. McGowan reported that in talking with the USBR, the USBR's workload has been re-prioritized and that their ability to review the environmental documentation will likely not happen this fall. In this case the project will not happen in this year, due to irrigation demands and our short construction window. Chris Linneman of Summers Engineering has reached out to USBR staff requesting additional resources for the review, we have not received an answer to date.

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

Staff reported on various items that had been completed, or were ongoing, on the Action Items List presented - dated June 11, 2024. General Manager Patrick McGowan also reviewed this list with the Board and answered any questions they had.

GENERAL MANAGER'S REPORT

GM McGowan gave the following manager update for June:

- Outreach Efforts:** Nothing to report at this time.
- Sustainable Groundwater Management Act**
- Central Delta Mendota SSMA:** Mr. McGowan reported on the latest coordination meeting regarding SGMA. A meeting has been scheduled for July 22, 2024, to accept the final review of the GSP. The implementation date of the GSP will be in January of 2025 and discussions are being held on the process of moving forward and implementing subsidence and pumping reduction. Mr. McGowan noted that the SGMA and P&O group have been actively working with one another sharing hydrological information in attempts to present coordinated information for both plans. He also noted that San Luis Water District, Pacheco Water District, and Panoche Water District are working together to present a more unified Northern San Luis Unit.
- Los Vaqueros Expansion Project:** Mr. McGowan reported that he had met with another General Manager and had a discussion on the costs increasing and the benefits of the expansion

project. At this time, Mr. McGowan's suggestion was to consider hiring Mizuno Consulting to make the business case determination for the District. Mr. McGowan noted that this item would be discussed further in Closed Session.

- E. **North to South Transfer Program:** Mr. McGowan reported that the USBR has identified a funding shortfall of (\$500,000) to cover their labor costs and to facilitate the administration of their work on the water transfer programs. NEPA and CEQA documents have been finalized and will cover the 2025-2026 water transfers, as well as 2027.
- F. **Water Storage and Conveyance Discussions:** Mr. McGowan reported that he recently met with Engineer Consultant Mr. Chris Linneman and they discussed our modernization study. If the pipeline came off the Delta-Mendota Canal, the water would need to be pumped up due to the 150 feet differential in elevation. If the pipeline came off the San Luis Canal, the system would gravitate down with little to no pumping needed.
- G. **San Luis Delta Mendota Water Authority (SLDMWA)**
Mr. McGowan reported that the SLDMWA's Board meeting was held and a representative for Friant Water Authority is now present.
Mr. McGowan also reported that the updated O&M rates were still being finalized. In discussion during the SLDMWA meeting it was mentioned that a significant Project Use Energy true-up will be need to be addressed and costs re-couped through the new O&M rate.
- F. **Other:**
No other matters to report.

At approximately 12:00 pm, President Barcellos announced that the Water District meeting would be taking a five-minute break.

At approximately 12:05 pm, President Barcellos announced that the Water District meeting would resume.

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

No other items.

FUTURE MEETING DATES

- A. Next Adjourned Regular Meeting Date: August 13, 2024

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

At 12:06 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation.

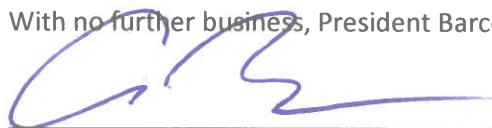
At 12:16 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

PANOCHÉ WATER DISTRICT CLOSED SESSION:

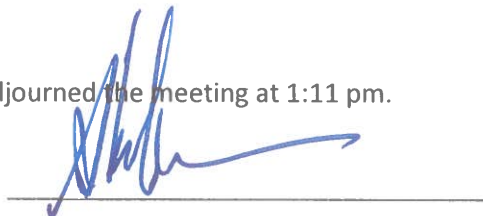
At 12:47 pm, the board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 1:10 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 1:11 pm.



Aaron Barcellos, President



Steve Fausone, Secretary