

**PANOCHÉ WATER DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
JANUARY 9, 2024**

A regular meeting of the Board of Directors was held on January 9, 2023, starting at 9:27 am. Those present at the meeting were:

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

Staff : Marlene Brazil, Accounting Supervisor
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 9:27 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 9 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 ACCEPTING AS FINAL THE PRICE, PAIGE, & COMPANY DRAFT FINANCIAL AUDIT FOR THE FISCAL YEAR ENDING FEBRUARY 28, 2023, SUBJECT TO ANY FURTHER BOARD DIRECTION

CPA Mr. Fausto Hinojosa with Price, Paige, & Company presented the Fiscal Year audit ending February 28, 2023, to the board of directors. Mr. Hinojosa explained that the audit was issued a clean, unmodified opinion on the financial statement. It was a clean audit with no findings and there were also no material weaknesses, or deficiencies.

Upon a motion by Director Callis and seconded by Director Fausone, the Board approved the FYE Audit dated February 28, 2023, as presented. The vote on the motion was as follows:

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

At approximately 9:45 am, President Barcellos adjourned the Water District meeting to resume the Drainage District meeting that had been suspended at 9:27 am.

At approximately 9:51 am, President Barcellos announced that the Water District meeting would resume.

THE BOARD TO REVIEW AND CONSIDER APPROVING THE DECEMBER 12, 2023, REGULAR BOARD MEETING MINUTES

Upon a motion by Director Callis and seconded by Director Western, the Board approved the December 12, 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 Correia, the board approved the financial report as presented by Accounting Supervisor Mrs. Brazil. 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 CONSIDER APPROVAL OF WY2023 RETURN WATER POLICY

General Manager Mr. McGowan presented the board with a 2023-24 Water Collection Fee Policy that included three options. Option A would refund all unused Supplemental Water Fees collected – Option B would refund all unused USBR and Supplemental Water Fees collected – and Option C would not refund any collected fees and utilize the capital to assist in modernization efforts such as the Contour Canal Lining Project.

After discussion by the Board and upon a motion by Director Correia and seconded by Director Western, the board approved Option A. The vote on the motion was as follows:

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

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

After discussion by the Board and based on Option A that had been approved for the WY 2023 Return Water Policy, the board approved the request made by Steve Smith and Neill Callis representing

Turlock Fruit Company.

Upon a motion by Director Fausone and seconded by Director Correia, the board approved the request made. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF AWARD FOR SAFETY SERVICES WITH CONTRACTS ADMINISTRATOR MR. MARQUEZ INCLUDING THE PRICE QUOTE FROM SAFETY COMPLIANCE

Contracts Administrator Josh Marquez presented the Board of Directors with a fourth price quote from Safety Compliance with a monthly amount owed of \$ 275. Mr. Marquez had previously presented three price quotes from companies offering Safety Training & Consulting Services at January’s board meeting. 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. Mr. Marquez explained that because the District already has it’s IIEP in place, Option 4 from Safety Compliance would be the District’s best option.

Upon a motion by Director Callis and seconded by Director Western, the board approved the award for safety services to go to Safety Compliance. 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 APPROVE A 10-YEAR REPAYMENT AGREEMENT BETWEEN PANOCHÉ DRAINAGE DISTRICT AND PANOCHÉ WATER DISTRICT BEGINNING MARCH 1, 2024, FOR THE AMOUNT OF \$ 1,433,043, AS WELL AS ADOPT THE RESOLUTION NEEDED FOR THIS ACTION

General Manager Patrick McGowan explained that this Agenda Item would be discussed in Closed Session.

THE BOARD TO REVIEW AND APPROVE THE SETTLEMENT AGREEMENT BETWEEN PANOCHÉ WATER DISTRICT (PWD) AND THE GRASSLAND BASIN AUTHORITY (GBA)

General Manager Patrick McGowan explained that this Agenda Item would be discussed in Closed Session.

THE BOARD TO REVIEW AND DISCUSS THE GRASSLAND BASIN AUTHORITY INTEREST REPAYMENT OF PAST INVOICES

General Manager Patrick McGowan explained that Panoche Water District has been advancing the funds necessary to cover Prop 84 expenses for the duration of the project. As such, the District is looking at applying interest to the Grassland Basin Authority dating back to July 1, 2023.

After discussion by the Board, it was decided that the LAIF Interest rate on the last day of the month would be looked at and adjusted quarterly. With payments starting March, 2024.

DIVISION REPORTS

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

San Luis Reservoir Total Storage:	<u>1,147,347 AF</u>
San Luis Reservoir Federal Storage:	<u>778,698 AF</u>
San Luis Reservoir % of Total Capacity	<u>56%</u>

Panoche Update as of January 1, 2024:

USBR 2023 Water Balance:	<u>73,028 AF</u>
December, 2023 Deliveries:	<u>1,282 AF</u>
Total Deliveries to date (MAR-DEC):	<u>50,370 AF</u>

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

- The O&M Budget has met it's 45,000 AF target delivery base and is 5,370 AF over this month.
- A cash flow analysis was presented to the board for WY 2023-2024 with estimations for the remaining months.
- The December O&M, Interest, and M&I billings will be completed on 1/15/2024.
- The e-mail reminder notice and links for the 700 Forms due for the different Districts will be sent out in January.
- The Water Department will be finalizing and mailing out the water forms to the growers, such as Water Applications for next year, crop reports for WY2023-24, and crop maps for WY 2024-25.
- If any board member is interested in signing up for the Water Conference, please let me know.

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

- General Maintenance.
- House #1 repairs are complete, and the renter has moved in.
- New Turnout on T-Canal was completed.
- Made new meter brackets for Turnout 508.
- Repaired Lateral 2 Main head gate.
- Weed Control – sprayed sterilant on PWD Main Canal.
- Started repairing all PWD mainline meters and filter station meters.
- Started making repairs on the other spray truck, so we can use it this spring.

Mr. Carlucci also presented the board with google maps that showed the layout of the District's homes and shops.

C. General Manager Patrick McGowan reported on the Domestic Water Treatment Plant.

He explained that the JPA has requested additional information, in turn Juan Cadena has been working with JPA General Counsel, Mr. Delgado and Engineer, Mr. Jim Gartung. The District is currently awaiting estimates on the installation of twelve backflows. Mr. McGowan stated that the District is starting to look at the savings in costs in training our own staff to install the backflows.

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

Ethics and Compliance:

- No calls were reported on the Speak-Up Hotline.

Risk Management

- Mr. Marquez and Mr. McGowan met with Mrs. McDougal and were trained on how to assess and complete the risk management assessment. Mr. Marquez explained he would have a draft assessment for the board to review at the next board meeting.

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

Workers Compensation:

- Two claims remain open.
- One Employee remains on leave through the end of January, 2024.
- One Employee has returned to work with modified duties.

Mrs. Brazil also informed the board that the District has made a change in how we calculate our clock ins on the timeclock. Per new law as of January 1, 2024, the District can no longer round up or down minutes on the timesheets. We have to pay for the exact minutes worked.

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

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

General Manager Patrick McGowan explained Phase 2 of the Linneman Project Electrical Independence Test was finished, and as a result, this project will be entering the Distribution Group Study Process in March, 2024. The water district's Phase 1 application received a delay notice and results are now due on 1/12/2024.

Mr. McGowan has updated himself as the contact for PG&E for the Panoche Water District Phase 1.

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 Applied Earthworks is ready to start at the end of this month and that Chris Linneman is currently working on NEPA.

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 December 12, 2023. Mr. McGowan reported that he has a meeting with Chris Linneman tomorrow to get an estimate on the modernization facilities plan.

GENERAL MANAGER'S REPORT

GM McGowan gave the following manager update for December:

A. Sustainable Groundwater Management Act

Mr. McGowan participated in the Subbasin Committee meeting that was held yesterday and methods were discussed to take pro-active management actions to curtail pumping while still providing sufficient surface water for our growers. Zone 4 of our subbasin has been identified as having subsidence. Mr. McGowan explained that all Districts within zone 4 are compiling Well data to determine the process moving forward. The subsidence management area along the Delta Mendota Canal has been identified as the immediate location to begin. The Districts within zone 4 are scheduled to meet with the Exchange Contractors to discuss potential water transfers of surface water to offset well pumping. All entities are working collaboratively with common interests to minimize subsidence.

B. Los Vaqueros Expansion Project

Mr. McGowan stated that the same agreements are going back and forth. Currently being worked on for this upcoming year is to see what needs to be budgeted for this project in our Panoche Water District budget.

C. Water Storage and Conveyance Discussions:

D. San Luis Delta Mendota Water Authority

E. Other:

Mr. McGowan reported that the Althea home is currently in escrow to be sold at \$550,000.00. Also the potential for including 40 additional service connections to our potable water system was discussed. The existing Russel Avenue Community currently receives their water from individual wells located within the overdraft subsidence zone alongside the Delta Mendota Canal. Mr. McGowan is working to communicate the importance of this potential service connection acquisition to various State agencies.

At approximately 12:02 pm, President Barcellos announced that the Water District meeting would be taking a lunch break.

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

No other items.

FUTURE MEETING DATES

A. Next Regular Meeting Date: February 20, 2024

PANOCHÉ WATER DISTRICT CLOSED SESSION:

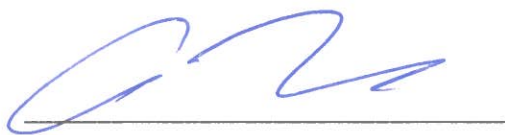
At 12:19 pm, the board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 1:19 PM, Mr. Williams reported that no reportable actions were taken in Closed session.

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

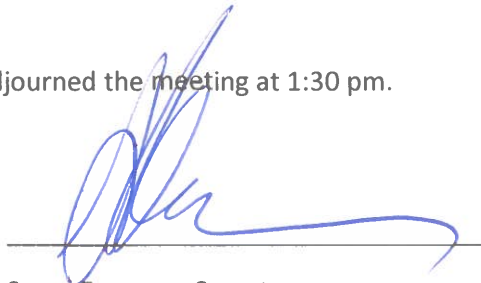
At 1:19 pm, the Boards met in Closed Session to meet with legal counsel related anticipated litigation. At 1:20 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

ADJOURNMENT

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



Aaron Barcellos, President



Steve Fausone, Secretary