

**PACHECO WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
MEETING MINUTES
July 16, 2020**

A regular meeting of the Board of Directors was held on July 16, 2020, at 9 am, via web and teleconference per Governor Newsom's Executive Order N-29-20. Those present at the meeting were:

Directors Present: Aaron Barcellos, President
David Parreira, Vice-President
George Delgado, Director
Lance LeVake, Director

Others Present: Michael Gardner, Water & Land Solutions, LLC
Chase Hurley, Water & Land Solutions, LLC
Dana Hurley, Water & Land Solutions, LLC
Ryan Jolley, Bryant Jolley, PA
Lauren Layne, General Counsel
JP Otello, Panoche Water District

CALL TO ORDER: President Barcellos called the meeting to order at 9 am.

ROLL CALL: A quorum of the Board of Directors was present, as were its officers.

POTENTIAL CONFLICTS OF INTEREST: There were no conflicts of interest.

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MINUTES

On a motion by Director Parreira and seconded by Director LaVake, the Board unanimously approved special board meeting minutes of May 29, 2020. The roll call vote on the matter was as follows:

Ayes: Barcellos, Parreira, Delgado, LeVake
Nays: None
Absent: Smith
Abstain: None

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF RESOLUTION #95-20; A RESOLUTION TO HOLD ALL SUBSEQUENT DISTRICT ELECTIONS DURING EVEN-NUMBERED YEARS AFTER NOVEMBER 2020

Ms. Layne explained that the state of California now requires special districts to consolidate future board elections with statewide general elections on even-numbered years no later than the November 8, 2022 statewide general election. In order to comply with this new law and to work cohesively with the Merced county elections office, this resolution will establish the new election years that each of the Pacheco directors will fall under as laid out in Exhibit "A". Directors Delgado and LeVake were originally up for election in 2021. They would be moved to the 2022 Election cycle. Directors Barcellos, Smith and Parreira were originally up for election in 2023. They would be moved to the 2024 election cycle. Upon a motion by Director LeVake and seconded by Director Delgado, Resolution #95-20 was unanimously approved as presented. The roll call vote on the matter was as follows:

Ayes: Barcellos, Parreira, Delgado, LeVake
Nays: None
Absent: Smith
Abstain: None

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF THE FY2019 FINANCIAL AUDIT REPORT

Mr. Jolley reviewed the district's draft 2019 Financial audit report. He answered a few questions and stated that with approval of the audit, he also needs the district's signed engagement letter. Upon a motion by Director Delgado and seconded by Director Parreira, the Board unanimously approved the 2019 Financial Audit and authorized signature of the engagement letter. The roll call vote on the matter was as follows:

Ayes: Barcellos, Parreira, Delgado, LeVake
Nays: None
Absent: Smith
Abstain: None

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF THE JULY 2020 FINANCIAL REPORT

Mr. Hurley stated that he would like Mr. Otello to present the financial report. During this time of transition from the Panoche management team, Mr. Otello was still overseeing all the financial transactions through the month of June, so having him present the materials was justified in case there were any specific questions. Upon a motion by Director Parreira and seconded by Director LeVake, the Board unanimously approved the financial report and the payable list totaling \$221,389.47 as presented by Mr. Otello. The roll call vote on the matter was as follows:

Ayes: Barcellos, Parreira, Delgado, LeVake
Nays: None
Absent: Smith
Abstain: None

PANOCHÉ WATER DISTRICT MANAGEMENT TRANSITION: Mr. Hurley

Policy transition: Mr. Azhderian is working closely with Mr. Hurley on educating him on policy related issues such as SGMA, Grassland Basin Drainers, San Joaquin River Improvement Project, etc.

Financial Transition: All the banking authorization cards have been finalized with LAIF and Mechanics bank. Panoche staff maintained all accounting function through July 16, 2020. The full transition to Water and Land Solutions staff will start in earnest on Monday, July 20th.

Water Accounting Transition: Water and Land Solutions has installed all the Storm Water Accounting software and worked closely with Ken Wanger to organize the transition. The goal is to have the entire system up and running in Water & Land Solutions office by the end of next week.

Water Operations Transition: Panoche's operations staff has worked closely with Mr. Gardner on day-to-day operations and the incorporation of well water into the system. Water & Land Solutions is also making progress on hiring a new part time employee in order to start training as a new full-time ditch tender effective March 1, 2021. Part of the management agreement with Water & Land Solutions is that the ditch tenders become their employees as of this date. Director Barcellos stated that he liked the idea of early training and the full-time transition later this year. He asked if staff had a salary or rate per hour in mind for the new employee. Mr. Hurley stated that he hadn't got that far in the negotiations yet, but it would be at a very reasonable rate based on the potential new hires current level of expertise in this field.

WATER SUPPLY & OPERATIONS (Mar 1st – June 30th): Mike Gardner

- a. Usage to date: 3,905 af
- b. Usage in June: 1,568 af
- c. USBR Water Balance: 2,533 af
- d. Average Blended Water Quality (TDS) at Lateral 6: 424

- e. Shasta Reservoir Storage: 66% of Capacity and 85% of Historical Average
- f. San Luis Reservoir Storage: 50% of Capacity and 84% of Historical Average

Mr. Gardner stated that all laterals are receiving a blended water supply from both the District wells the two groundwater wells that have signed up under the District's well pump in policy. The historic use pattern over the last ten years shows that current supplies may get the district through the end of February 2020, but it will be tight. Mr. Gardner stated that he and Mr. Hurley are working on potential purchases of supplemental water supply that would give growers some cushion as well as flexibility to carry over water in San Luis Reservoir for water year 2021. Mr. Hurley stated that he is working on acquiring some additional supplies. He also stated that Delta pumping has ramped up to maximize exports through the end of September based on less stringent D1641 standards.

DRAINAGE MANAGEMENT REPORT: Mr. Gardner

The water quality objectives for the Drainage Group have been met for the month of June. He also stated that the funding for the Grassland Basin Storm Water Management Plan real-time tile sump hardware installation has been some delayed. As it relates to the installation of the hardware on all the tile sumps within Pacheco, it looks like installation will not begin until the spring of 2021.

WIIN ACT SECTION 4011 UPDATE: Mr. Hurley

The Bureau of Reclamation is focused on releasing the new Pacheco Water Contract out for a 60-day public comment period on July 31, 2020. The Bureau will then take the month of October to review and address the comments. If all that goes smoothly, they would be ready to sign the contract in the middle of November. At that time, Pacheco WD would need to process and sign their lump sum payment check to the Bureau for their capital debt repayment. Along with this process, the Bureau will also be performing a final Reclamation Reform Act audit in order to close the book on any outstanding RRA obligations of landowners and/or water users within the Pacheco boundary.

MASTER FACILITIES PLAN UPDATE: Mr. Hurley

Staff is continuing to develop several alternatives that meet the objectives of the Districts master plan. Of the seven high priority issues laid out in the document, one has been completed, one is in progress and the repairs on the Lateral 3 lining will be the focus this fall. Another item in the Plan that has been accomplished is the development of the Districts well pump in policy. There are three large projects that will be the focus of a multi-year plan that could require outside financing. They are (1) additional lining of lateral canals, (2) Rehabilitation of the Regulating Reservoir (3) Installation of additional Variable Frequency Drives

GENERAL MANAGER'S REPORT: Mr. Hurley

- a. Sustainable Groundwater Management Act: For the first year under the local GSP, the member GSA's are focused on improved data collection and monitoring. The ultimate goal is to use all this information in order to establish the GSP trigger points and come up with more defined management actions. Mr. Hurley is planning on meeting with San Luis & Delta Mendota Water Authority staff early next week to integrate himself as the point person for Pacheco.
- b. Westside Regional Drainage Plan Grant Funding: No update
- c. Reclamations Demonstration Treatment Plan: The focus is still on USBR oversight so that they do not use this facility in a manner that would cause increased expenses to westside CVP contractors water rates.
- d. Future office location for Pacheco: Staff continues to look for a location that can serve as a place to hold future board meetings as well as a home for day-to-day ditch tender activities as needed.

REPORT ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3): No other items

CLOSED SESSION: 10:20am

- a. Conference with Legal Counsel – Existing Litigation
Closed session pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9.
Name of case: AQUALLIANCE, et al. v. The United States Bureau of Reclamation, et al. (filed May 11, 2020)
- b. Conference with Legal Counsel – Anticipated Litigation
Closed session pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9:
(1 case)

RETURN TO OPEN SESSION: @ 10:33am: Staff was given direction and no action was taken.

FUTURE MEETING DATES

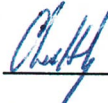
The next regularly scheduled meeting is scheduled for September 17, 2020. President Barcellos stated that he would be willing to call for a special meeting in August if the General Manager determined that it was needed to review and potentially take an action on acquisition of supplemental water supplies.

ADJOURNMENT

With no further business on the agenda, President Barcellos adjourned the meeting at 10:35am



Aaron Barcellos, President



Chase Hurley, Secretary