



PID NEWS

2019 PID NEWSLETTER

As the Patterson Irrigation District (PID or District) rolls into the new year, it's time for the annual newsletter and District update. Provided in this newsletter are updates from what happened in 2018, major project updates, action that the Board took in 2018, a recap of operations for 2018 and a projection for 2019.

Santiago "Chunky" Castillo Retirement

On Dec. 15, 2018, after 42 years of distinguished service for the District, Chunky finally hung up his short sleeve coveralls and called it a career. In the years Chunky has been employed at the District, he has seen eight general managers, observed multi-generational shifts in family farming operations and became the unofficial spokesman and public relations representative for the District.

The District held Chunky's retirement party on December 15 to recognize him for his distinguished service. Although Chunky is officially retired, occasionally you may still see him on a PID backhoe helping the District out. The District wishes Chunky a bold farewell and all the best in his retirement.



Staff Anniversaries

Starting in 2019, the District newsletters are going to provide an update on staff anniversaries and feature a District employee to help landowners and growers get to know who the District is. In this newsletter, Santiago "Chunky" Castillo is featured. In 2019, these employees will mark anniversaries:

- Jim Boschi – DSO – 25 years
- Tony Lomeli – DSO – 25 years
- Steve Trinta – Operations Supervisor – 15 years
- Toni Russell – Secretary/Treasurer – 13 years
- Joe Silva – Mechanic – 13 years
- Allen Hooper – Mechanic – 8 years
- Ethan Dias – DSO – 6 years
- Vince Sottile – Maintenance – 3 years
- Vince Lucchesi – GM – 2 years

East-West Conveyance Project - Main Canal Rehabilitation Schedule A Improvements

On Jan. 10 2018, the Board of Directors issued a notice of award to Steve P. Rados Inc, for the Schedule A improvements of the Main Canal Rehabilitation Project, the Main Canal effort of the East-West Conveyance Project. The Schedule A improvements consist of abandoning pump stations 2 and 3, constructing a new pump station in place of pump station 2 and constructing a new discharge pipeline west from the new pump station crossing Orange and Sycamore avenues. The pipeline would discharge just behind the District's yard.

With the removal of pump stations 2 and 3 and replacing them with one, the District will observe a large benefit of reduced power costs. Both pump stations 2 and 3 were tested for efficiency in 2018, and they operated at 48% and 40% efficiency, respectively. Meaning, that if it cost \$1 to move a molecule of water through them, only \$0.19 actually paid for the cost to pump the water. The rest was lost due to inefficiencies. It is anticipated that the new pump station will operate at about 80-90% efficiency.



Steel Pipeline Inside Trench



Profile of Pump Station 2



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Intake of New Pump Station 2



Old Pump Station 3

Please note, that the Schedule A improvements only address critical infrastructure to the District. If the District does not proceed with any additional improvements under this project, the District will not have constructed facilities that exceed the internal needs of the District. These new facilities will provide a more efficient pump station and distribution facility, which will ultimately save the District money in pumping costs.

Aquatic Herbicides

In 2019, the District is commencing with an aquatic herbicide program in an effort to 1) eliminate or reduce the need to chain the canals, which will reduce the impact to the integrity of District facilities; and 2) reduce the amount of vegetation that grows in PID’s canals that plug up flow meters and reduce the capacity of conveyance facilities. The herbicide program will include the application of Teton herbicide into PID’s conveyance facilities. Neighboring irrigation districts use the same chemicals to address aquatic weeds and feel that it is a better approach than to chain canals.

Capital Improvement Plan

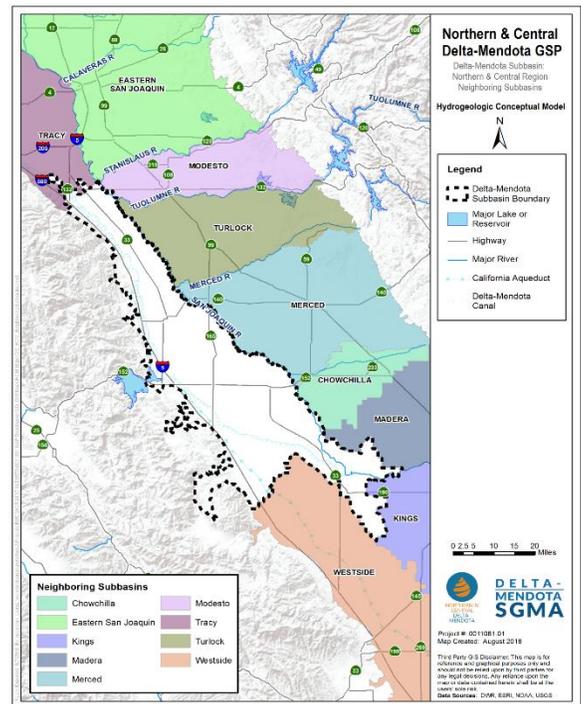
Starting in 2018, the District retained the services of Provost & Pritchard Consulting Group to evaluate the District and to develop a prioritized project list to address capital infrastructure needs. The project list is intended to encapsulate opportunity

projects, capacity projects, operations projects and failing infrastructure projects. In addition, the projects are to be compared to each other and ranked based upon in order of the projects that provide the most “bang for your buck” investment in the District. Meaning that, although lining canals throughout the District is an issue, maybe there are other projects that better benefit the District. This doesn’t mean that the District will forego lining replacement, but the District needs to address the largest deficiencies in its infrastructure that will provide the greatest benefit.

The study will continue into 2019 with the goal of having a plan that can be put into motion where landowners and growers can see how the District prioritizes its future projects. Please note, that this plan is intended to be an organic document and will evolve over time depending on needs and areas of benefit.

Sustainable Groundwater Management Act

In 2014, the California Legislature passed comprehensive groundwater legislation creating the Sustainable Groundwater Management Act (SGMA). In adopting that act, the Legislature intended to provide local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater. The act anticipates that each affected groundwater basin or sub-basin will be regulated separately by one or more groundwater sustainability agencies. Groundwater sustainability under the act is to be achieved through groundwater sustainability plans (GSPs), which can be a single plan developed by one or more groundwater sustainability agencies, or multiple coordinated plans within a basin or sub-





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basin. The District is within the Delta-Mendota groundwater sub-basin, which is bounded by the coast range to the west, the San Joaquin River to the east, and extends from Tranquility north to Tracy.

Delta-Mendota Sub-basin Boundary

In 2017, the Patterson Irrigation District, in conjunction with the Twin Oaks Irrigation District, formed the Patterson Irrigation District Groundwater Sustainability Agency. This GSA was established with the intention to be able to regulate groundwater within the two agencies' boundaries in compliance with SGMA. In addition, the GSA joined with other agencies within the sub-basin to form the North-Central Delta Mendota GSP group. The group was formed to help reduce the costs for each GSA to develop a GSP. Within the sub-basin, there are six GSP groups that were formed. By 2020, each group must coordinate and demonstrate to the Department of Water Resources and the State Water Resources Control Board that they have developed their plans that have been coordinated. Each plan is intended to address the six sustainability indicators:

- Chronic lowering of groundwater levels
- Significant and unreasonable reduction of groundwater storage
- Significant and unreasonable seawater intrusion
- Significant and unreasonable degraded water quality
- Significant and unreasonable land subsidence
- Depletions of interconnected surface water

Once each plan has been developed and submitted, the GSPs then have 20 years to achieve sustainability. The plans developed are intended to be a "first cut" at sustainability and it's thought that the first 5-10 years will be a data collection effort and the following 10 years will be an effort in addressing sustainability. Each GSP is required to perform an update every five years during the 20-year period to address changes in the basin and as new data becomes available. For PID, once the plan is submitted, landowners with irrigation production wells may be asked to have meters on their wells read to help provide a better understanding on groundwater usage within the PID GSA.

Digital Board Packets

For every PID Board meeting, staff goes through at least two reams of paper, spends an entire morning assembling the Board packets and tracking down Board members to ensure that they have their packets in time to prepare for the upcoming Board meeting. The day before the Board meeting, staff goes through the same process again to make public copies. In reflecting on this effort, it was felt that there must be an alternative available to provide the Board organized packets for both prior to and during the PID Board meetings without wasting so much paper and staff time.

In December, the Board took action to try digital for PID's Board packets. The Board members will utilize District owned tablets that are connected to the District's data plan and

will be loaded with the BoardPapers software program. The program allows each Board member to make notes, save the notes, easily access previous Board Packets materials and easily navigate the current Board meeting materials. The Board packets will be backed up onto PID's server to prevent any loss of information were the tablets to be damaged or lost. The hope of the conversion to digital would provide the Board an easier way to follow Board meetings and to also be more conscious of paper and staff time in preparation of the documents.

New Policies

For 2018, the PID Board of Directors adopted three new policies to help the District operate smoother. These policies consisted of

- PID Purchasing policy, which provides staff guidance on the following
 - Professional Service Contracts
 - Construction projects and contracting
 - Purchase Orders
 - Usage of PID's petty cash
- PID reserve policy, which directs how the District allocates funds and provides transparency to landowners and water users regarding the allocation of funds. This is discussed further below.
- Drainage Fee collection policy. The policy provides staff direction on how to address farmers who do not pay their San Joaquin River Westside Drainage Coalition dues. Since the fees are not assessments charged by the District, and the District pays them in advance and is reimbursed by the farmers, the District has no real mechanism to address growers who do not pay their dues. Therefore, if a farmer refuses to pay the coalition fees by the end of August, staff are directed to notify the coalition of nonpayment and the Coalition is then to step in and address them directly and potentially drop the farmer from the Coalition.

PID Reserve Policy

Prior to 2018, the District would set the allocations based upon limited information on potential transfer and/or wheeling revenue that would help fund capital improvement projects and help keep growers' costs down. However, since 2008, this effort has become increasingly hard to determine and at best, the District has taken a risk each year in the hopes that things will work out, and they have. But the District can't hope to weather every storm without a better way to plan for the future. Therefore, the District adopted a reserve policy, where decisions on how funds are allocated are based upon "cash on hand" rather than the hopes for future opportunities.

The Board now tracks the reserves monthly, and thankfully, due to a fortuitous year in transfers and wheeling, the District was able to cover the subsidy for 2018 and provide for one in 2019. This may not be the case each year, but the determination on the subsidy will not be based on the potential



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for opportunities, but rather based upon the performance of the year before. Further, with the implementation of the capital improvement plan, growers can see how money is being allocated and which project is next.

End of Year Evaluation

For 2018, the District Budgeted Operating Costs (District expenses not including capital improvements and costs for transfer water) at \$3.6 million (\$284/acre for 12,660 District acres). With a 1 acre-foot per acre allocation, the District generated roughly \$1.4 million (\$111/acre) from PID growers and landowners. At the end of the year, the unaudited expenses put the District at operating costs of approximately \$3 million (\$237/acre); which translates to a \$1.6 million subsidy to PID growers, or a subsidy of approximately \$126 per acre.

For 2018, the District allocated 1 acre-foot per acre with the expectation of no outside water sales and some wheeling. It was projected that the District would lose or subsidize growers water rates by \$2.2 million. As the year progressed, the District's staff worked to constrain costs and to transfer and wheel what the District could. In addition to revenue from transfers and wheeling, the District observed operational savings from,

- Re-apportioning pumping costs to wheeling based upon volume of water moved under non-operating expenses
- Expenses from Fishbio were not realized due to permitting issues on the San Joaquin River
- Expenses from Provost & Pritchard were spread out over two years
- Budgeted Warren Act expenses were not fully realized such as non-project power and putting approximately 6,500 AF into San Luis Reservoir for storage

The information below is an unaudited summary of District operations for 2018:

2018 WATER DELIVERIES (AF)	
Allocated Water	13,622
Excess Water	19,719
Out of District	954
Wheeling to DMC	17,150

2018 BUDGETED FINANCIAL	
Budgeted Operating Expenses	\$3,602,806
Budgeted Non-Operating Expenses	\$456,364
Budgeted Capital Expenses	\$403,500
Budgeted Internal Revenues	\$1,403,455
Budgeted External Revenue	\$1,735,719
Total	(\$1,323,496)

2018 FINANCIAL ¹	
Operating Expenses	\$3,093,206
Non-Operating Expenses	\$873,601
Capital Expenses	\$237,105
Internal Revenues	\$1,416,748
External Revenue	\$4,782,653
Total	\$1,995,489

Note: 2018 Financials are estimates and draft until the audit is complete

2019 Outlook

WATER SUPPLY: As we move into the 2019-20 water year, it's relatively early to estimate exactly how much rain and snow will arrive this winter and spring, considering that the rainy season for the area runs from November through April. Current reservoir conditions indicate that there may be enough water to satisfy PID's demands from the San Joaquin River for 2019. Based upon storage projections and operations for the CVP, it appears that the upcoming water year is tracking closer to a more average or normal water year.

Current 2019 projections estimate CVP contractors will receive an allocation in the range of 15-45% depending on San Joaquin hydrology through spring. These translate into revenue projections for the District. A lower allocation provides more opportunities to wheel water and generate revenue from water transfers; inversely, a higher allocation lowers revenue-generating opportunities.

OPERATIONS: In January, the Board of Directors will hold a training and strategic planning meeting intended to educate the Board on the Brown Act, ethics and conflict-of-interest laws, and to review the long-term viability of the District. This effort is intended to reoccur every January after an election year to re-up the Board on current issues, address the past Strategic Plan and see if we need to make any course corrections. This meeting will re-examine the priorities of the District through the development of projects, milestones and financial goals to provide direction to move the District ahead.

Mark Your Calendars 2019 Grower Workshop

A grower workshop is scheduled for February 27 at the Patterson Fire House #2. At this workshop, there will be a presentation recapping 2018, a presentation on SGMA, projections for 2019 and the water allocation, and a presentation on Proposition 218 by Raftelis Financial Consultants Inc.