

**PATTERSON IRRIGATION DISTRICT
MONTHLY BOARD MEETING
MINUTES**

July 18, 2018

The Board of Directors of the Patterson Irrigation District met in its office at 948 Orange Avenue, Patterson, California for a regular monthly Board meeting. The meeting was called to order at 1:05 p.m. by President Azevedo.

Directors Present: John Azevedo, David Reichmuth, Richard Barbaste, David Fantozzi, Steve Prevostini

Directors Absent:

Others Present:	Vince Lucchesi	General Manager
	Toni Russell	Board Secretary
	Steve Trinta	Operations/Maintenance Supervisor
	Victor Smith	Raftelis Financial Consultants, Inc.

CORRECTIONS OR ADDITIONS TO THE AGENDA:

General Manager Lucchesi requested Item No.: 6 be removed from the agenda.

PUBLIC COMMENT:

None

MINUTES:

The minutes of the June 20, 2018 Regular Board Meeting was reviewed by the Board.

Director Prevostini made a motion to approve June 20, 2018 board minutes as received. Second by Director Barbaste and passed unanimously.

FINANCIAL REPORT:

Secretary/Treasurer Russell gave a report to the Board on bank accounts and fund balances the District holds in investment accounts. The report also included an accounts receivable aging summary report and a detailed list of cash disbursements for June 2018 for Board review. General Manager Lucchesi gave a draft budget vs actual report through June 30, 2018.

Director Fantozzi made a motion to approve the June 2018 Financial Report. The motion was seconded by Director Barbaste and passed unanimously.

CONSIDER APPROVAL OF TEMPORARY TRANSFER AGREEMENT WITH DEL PUERTO WATER DISTRICT:

The board reviewed the Transfer Agreement between Patterson Irrigation District (PID) and Del Puerto Water District (DPWD) through water year 2020. Lucchesi stated, PID and DPWD entered into a previous agreement for Transfer Water dated November 9, 2010 which, by mutual understanding, was never completed. The new Agreement to would in effect complete the previous agreement.

The term of the Agreement will be from August 1, 2018 through February, 2021. During the term of the Agreement PID would make available for transfer 2,183 acre-feet of water. Five hundred (500) acre-feet to be delivered in September 2018, and 1,683 acre-feet to be delivered in 2019 and 2020 water years.

Following a thorough discussion Director Fantozzi made a motion to authorize the General Manager to execute a temporary transfer agreement with Del Puerto Water District as discussed, and gave approval to file necessary environmental paperwork for the transfer. Second by Director Prevostini and passed unanimously.

WATER DISTRIBUTION SYSTEM SUPERVISOR'S REPORT:

Operations Supervisor Trinta gave a verbal report to the Board on recent activities and maintenance in the District. The report included current water analysis results from samples taken from at the San Joaquin River, Delta Mendota Canal, Northside Reservoir and Southside Reservoir, and current incident reports in the district.

In addition, the Operations Supervisor informed the Board about pursuing the possibility of getting a permit for the application of Cascade and Teton to treat the canals rather than having to chain. The Operations Supervisor is getting an estimate for the initial permit. The benefit of utilizing Cascade and Teton will be observed by all growers who have to deal with aquatic weeds growing in the canals and fouling up their irrigation systems, also this application will reduce the frequency the district has to chain the canals which in turn means a reduction in damage to the canal lining.

WATER RATE PRESENTATION:

Victor Smith, a consultant with Raftelis presented the board with a model he developed to use as a tool to aide the Board when setting a water rate and proceeding with Prop. 218. Raftelis was retained by the District for the purpose to develop a rate methodology that can demonstrate to growers that a 3rd party evaluated the District's finances and came up with the rate. The 3rd party approach is intended to help with transparency with the District and to demonstrate that the District isn't trying to charge beyond what it costs to operate the District. Victor Smiths presentation was limited to the background financial data of the District. Smiths presentation did not provide a recommendation, but provided the background of the tool developed to help staff determine what the necessary rate for the future should be.

Smith demonstrated the model developed and presented the Board with a few scenarios based on the financial plan, assumptions and using different allocations to come up with what the water rate should be to meet District operating expenses. Smith explained that any CVP allocation greater than 60%, the District cannot sell water beyond the USBR costs for the water. Meaning that any CVP allocation beyond 60% requires the District to charge growers the costs to operate the District. This proposed rate resulted with a zero allocation with the assessment and a water rate of \$92.78 per acre-foot. The Board appreciated Victor's hard work and will determine what rate they would like to pursue for a proposition 218 election at the September and maybe the October Board meetings.

DIRECTORS BRIEFING:

None

MANAGER’S BRIEFING:

General Manager Lucchesi discussed various items that he was working on for the month. Discussion included, a meeting with the Stanislaus County Sherriff in regards to trespassing issues on district laterals, SLR rescheduling cap and informing the Board the importance of PID growers to stop discharging large amounts of sediment into District facilities that has the potential to make it into the San Joaquin River. Lucchesi noticed that sediment is a large concern for the Regional Water Quality Control Board and they track this more since the sediment will carry the pesticides to the river and affect fish in the rivers mortality.

ETHICS TRAINING:

Secretary/Treasurer Russell reported all directors were in need of updating their Ethics Training this year and directed them to the Fair Political Practices Commission AB 1234 Local Ethics Training Portal for their convenience. Directors Azevedo and Barbaste stated they would get their training at the Fall 2018 ACWA conference. Director Fantozzi is considering attending ACWA in the fall to comply, but isn’t sure yet. Director Reichmuth is planning on taking the online course in the near term.

DISTRICT ELECTIONS:

Secretary/Treasurer Russell reminded the Board of the Candidate Nomination Period for all Directors whos terms were up in December will expire August 10.

FISH BIO UPDATE:

Lucchesi reported, due to extenuating circumstances regarding permitting no sampling is set to occur for 2018. Permits should be approved soon and since the program is a multi-year program that the project proponents will start to get data in the next few years.

RESERVOIR PROJECTS UPDATE:

Lucchesi reported on phone call PID & WSID participated in with SCVWD regarding the Pacheco Reservoir. Lucchesi reported according to SCVWD, they aren’t seeking partners on the project, but may have parties participate in the project by buying storage or short-term storage if needed. The project is still working out kinks and they don’t anticipate that they have a concept for participation in the near term.

SGMA UPDATE:

Lucchesi gave an update on SGMA regarding progress on GSP development and the development of water budgets. Lucchesi also reported that the CVHM2 model that is being funded by the North-Central DM GSP group was received and an initial output was provided. The initial output appears to be off from current conditions, but more refinements are in order.

USBR 9d CONTRACT DISCUSSION:

It was reported the USBR wants to streamline the conversion process and are using the Friant conversion process as a model:

- USBR is producing a FAQ for this process to answer all questions.
- They anticipate the contract process will take less than a year.
- There will be no environmental review or water needs assessment for contract conversion
- The true-up come 2030 is anticipated to be no more than 10% of current construction costs. This would be roughly \$270,000 for PID. However, USBR doesn't want to be held to this since it's not published yet.
- The December 31, 2021 termination date is set by the law and no contract shall be agreed to past that date. Meaning it's better to start the process sooner than later, you can always choose not to execute the agreement.
- PID's payoff dollars would go towards a future storage project, meaning the CVP 9d conversions may help fund the Pacheco Reservoir and the Del Puerto Canyon Reservoir Projects.
- USBR has a team that can come to a Board meeting to present any new information they have on the conversion.
- The repayment terms are set in stone, the WINN act Section 4011.m Paragraph (A) (2) requires lump sum payment or payment made in approximately equal installments, no later than 3 years after the effective date of the repayment contract.
- Any new/additional debt will be a 5 year term (current reclamation law)

Following a lengthy discussion, it was the consensus of the Board, it would be in the best interest of the district to have staff start the process to obtain the contract and have the option not to execute the agreement than to miss out on the opportunity entirely.

DRAINAGE AUTHORITY UPDATE:

Lucchesi reported an important topic discussed at the Drainage Authority meetings and stressed upon the agencies within the Drainage Authority that sediment discharge is an emerging concern with the Regional Board. Growers who discharge drainage water into District facilities need to know that any large sediment load discharged into District facilities has the potential to make it into the San Joaquin River. Regional Board has been coming down on Districts regarding this type of discharge. Lucchesi also noted that the Regional Board won't go after the agencies, but the growers on this. Lucchesi also noted that staff have been on top of notifying growers if they are discharging muddy water and need to clean their discharges up; this seems to be working well for the District, but staff still have to keep calling growers on their discharges.

PURCHASING POLICY DISCUSSION:

At the June Board meeting Lucchesi had provided the Board with a Draft Purchasing Policy that would provide guidelines to staff to acquire goods and services for District. Lucchesi requested the board to review the policy to have another discussion at the July Board meeting.

Lucchesi stated if the Board had no suggestions or changes to the Draft Policy, It would be put on the September Board Meeting Agenda for adoption. The Board had no suggestions on the policy and felt that it is a good thing for the District to have regarding transparency to the growers.

SEASON FRINGE POLICY:

Lucchesi discussed with the Board, the District might consider suspending the Season Fringe Policy this winter due to the winter shut down from November through March 1st for the Main Canal Rehabilitation Project. Suspension of the policy would give the Grower's as many opportunities to irrigate before completely shutting down. Lucchesi also noted that this would give staff time to further refine the policy to be clearer on its intent and how it will be executed for the District.

TRESSPASSING ISSUES:

Lucchesi reported based upon the results of the conversation with the Stanislaus County Sherriff in regards to trespassing issues, it was concluded that it would not be in the best interest of the District to execute a Sherriff as agent agreement to allow the Sherriff to Patrol District facilities. Director Prevostini, noted that you can specify that on the agent form for the sheriff whom you are trying to keep off of your property, for example people on quads.

ADMINISTRATION AND OPERATIONS REPORT:

A written report was included in the Board packet regarding administration, operations, and construction activities.

Under the Water Operations Report, Lucchesi reported the Sontec flow meter was reading less flow than what was actually being delivered, and the District's efficiency may be higher than what was stated. As of the beginning of July, the meter is at SonTek receiving service under warranty.

Lucchesi reported the District has been wheeling water non-stop and that USBR keeps increasing the volume of restoration flows. The wheeling for USBR is modulated based upon grower demand, so growers have priority over wheeling.

CONSTRUCTION REPORT:

Sierra Controls IT Services and Service Upgrade

- The new server is operational and folders are being migrated to ensure no files are saved on employees computers
- E-mail migration has been performed, VPN is anticipated to be completed soon.

Villages of Patterson

- PID is still working with Teichert to work out issues from construction
- Along Walnut Avenue, PID staff is working with the City of Patterson to work through a potential easement of an additional 7 feet wide by 116 feet long to accommodate the additional space needed for access of the pipeline.
- PID staff is working through an issued that arose prior to the conversion from the 3N system to the new.

Go Green Norcal

- PID was made aware of an issue from the contractor of the green house facility that is going in at the corner of Lemon and Elm Avenue's. The contractor excavated material along Lemon Avenue and using that material to level the property. This material was also cover over PID's sub lateral. The reduction in cover and the continued traffic over the lateral stressed the joints and cracked the line.

- PID requested plans for the project, the plans show a dedication to Stanislaus County for additional Right-of-way on top of PID's pipeline. The plans also show the development placing a fence on top of PID's line.
- A notice was sent to the county and landowner that this encroaches onto PID's rights for maintaining the line.
- A field meeting occurred on July 5th to determine a workable solution for the District

PROJECTS REPORT:

Main Canal Rehab

- Rados has begun installation of the pipeline
- Potential Change Order CCO 1
The tile drain that ties into the Bar Ditch was deeper than what was anticipated, the pipeline will need to be lowered to accommodate the deeper tile drain. The cost of the change order is anticipated to be \$17,000 - \$45,000
The vault on the Kholander is in conflict with the location of the conduit that serves a landowners well. Rados provided a letter anticipated additional work, it was clarified later they didn't survey the location and made an estimate as to where the box would be and in conflict with the pipeline. Rados is still figuring out where the box should end up.

With the completion of all agenda items the meeting was adjourned at 3:50 p.m.

Respectfully Submitted,

Toni Russell – Board Secretary

