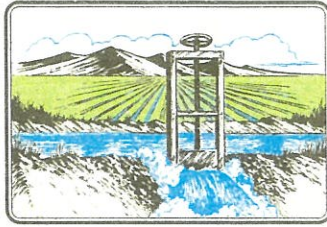


# Reclamation District No. 1004



**RECLAMATION DISTRICT NO. 1004  
BOARD OF TRUSTEES MEETING MINUTES  
February 14, 2024  
Regular Board Meeting  
10:00 a.m.**

Board of Trustees (BOT) present: Vice-Chairman Borrelli, Trustee Herkert, Trustee Mord and Trustee Bailey. Chairman Hulbert was not present at this meeting. RD1004 staff present: District Manager Terry Bressler and Secretary to the Board of Trustees Barbie Buchanan. Public attendees present: Hayden Harter. Public attendees present by phone: Audrey Goddard with WestWater Research.

**1. Call the Meeting to Order**

Meeting called to order at 10:02 a.m.

**2. Approval of Agenda**

Motion to approve agenda: Trustee Herkert  
Second: Trustee Mord  
Vote: Unanimous

**3. Approval of Minutes**

Motion to approve minutes from January 10, 2024, Regular Board Meeting with suggested edits on page 5 and name correction on page 8: Trustee Herkert  
Second: Trustee Mord  
Vote: Unanimous

District Manager Terry Bressler reported that he has contacted MBK regarding a rate analysis as directed by the BOT at the January 2024 meeting. He also asked the BOT for clarification as to what type of analysis they are asking for. The BOT stated they are looking at an inclusive analysis including, District boundaries, lands in District but not in delivery area, and the District's current process and challenges encountered with the process.

**4. Public to address the Board**

None at this time.

**5. Financial Report-Discussion and Possible Action**

**A. Cash Report/Account Balances**

Office Manager Barbie Buchanan reported that the District reinvested the \$1.1M that came due in January 2024 into US Treasury bonds that will mature in November and December of 2024, at \$555,000 each. Interest rates are currently between 4.8% for short term and 5.2% for long term. Vice-Chairman Borrelli suggested that the District split the amounts that are coming due in February and March 2024 between short and long term (\$600k in each term).

Office Manager Barbie Buchanan also reported that the auditor highly suggested that the District put depreciation back in budget so that the financial reports accurately reflect capital assets rather than only being listed on the balance sheet. In addition, the 2023-year end audit is scheduled for February 20, 2024.

Office Manager Barbie Buchanan informed the BOT that the Landowner Letters for water applications and RRA forms, as well as the Admin/Standby fee invoices were mailed out last week.

**B. Interim Disbursements**

Motion to approve Interim Disbursements as presented: Trustee Herkert  
Second: Trustee Bailey  
Vote: Unanimous

**C. Accounts Payable**

Motion to approve Accounts Payable as presented: Trustee Mord  
Second: Trustee Herkert  
Vote: Unanimous

**D. Accounts Receivable**

Discussion only, no action taken.

**E. Profit/Loss Statement**

Discussion only, no action taken.

**F. Approval of Transfers**

Office Manager Barbie Buchanan requested the following transfers:

- \$2,500.00 water rights fund from the general fund to County Fund 2 (499)
- \$10,000.00 Princeton Pumping Plant from the general fund to County Fund 3 (500)

Motion to approve the two transfers as requested: Trustee Herkert  
Second: Trustee Bailey  
Vote: Unanimous

**G. Approval of Refunds**

Office Manager Barbie Buchanan presented a list of refunds from 2023 water deposits for a total of \$163,753.21. In addition, there was \$140,789.54 in retained earnings from 2023 carried over for 2024 water deposits.

Motion to approve the list of refunds as presented: Trustee Bailey  
Second: Trustee Herkert  
Vote: Unanimous

Vice-Chairman Borrelli brought up the USBR Trinity and river restoration fees that Rancho Caleta (RC) and Butte Creek Farms (BCF) have been charged by the District upfront and would like the District to look at previous years to determine if a refund is warranted for charges that were not incurred by the District to USBR, but were paid by RC and BCF. Office Manager Barbie Buchanan has not been able to obtain the invoices in question, and asked for copies of those invoices from BCF and RC.

**6. New Business:**

**A. Discussion and Possible Action regarding the SRSC Final 2024 Budget, 4-year Budget Projection, and RD 1004 dues**

Discussion for information purposes only, no action necessary.

**B. Discussion and Possible Action regarding 2024 Water Transfers**

Discussion only, no action taken.

**C. Discussion and Possible Action regarding Annual Landowner Meeting Agenda**

Motion to approve Landowners Meeting agenda presented in board meeting packet with suggested revision to add diversion vs. recycled to 5A, and allocation outlook to 6D: Trustee Mord

Second: Trustee Bailey  
Vote: Unanimous

**7. Chairman's Report**

**A. Update on Sacramento River Settlement Contractors**

In Chairman Hulbert's absence, Trustee Herkert reported that he attended the last SRSC ROC mini-meeting. Currently, there are not many new updates, however, he feels that it is good that Thad Bettner will be at the Landowner's Meeting to answer questions and provide status updates in the USBR agreement process. SRSC is still working with the USBR to get the State and environmental groups to sign on to the agreement.

**8. Manager's Report**

District Manager Terry Bressler provided an updated plan to start work on Brooks Walker. The original plan had concerns regarding drying the area out in order to complete the work and previously decided on a temporary fix for Brooks Walker, however, District staff feel that they can build a dam to dry up the area which would afford the District the capability to move forward with the complete project for Brooks Walker, rather than a temporary fix. Trustee Herkert asked how District staff has planned for any challenges from the Moulton Weir running and potential impacts to the dam being built. Trustee Bailey stated that he feels if Moulton Weir runs, it will go over the dam, however, it will be a back waterflow and should not impact the dam too much. District Manager Terry Bressler also reported that the District does have a plan to bring in portable pumps if Brooks Walker is not ready to go when flooding starts, and

water delivery will not be impacted. Trustee Bailey suggested that the pump that comes out at Brooks Walker can be moved to the top of the Flyway in order to ensure water delivery. District Manager Terry Bressler also reported the small pump at the top of the Flyway will have a meter installed this year in order to assist with calculating ditch loss.

In regards to the Avis project, District Manager Terry Bressler has concerns that with a large amount of rain, the work at Avis could be delayed for an extended period of time, and could result in missing the spring time window for Butte Creek when the District really needs Butte Creek water. He feels that the Avis pump project would be better done during the winter. A pipe can be installed in the canal to ensure the Behring Ranch still receives water, the District can move forward with replacing the pump and then after duck season install the pipe that goes across the road. The BOT agreed with the plan to concentrate on Brooks Walker right now, and then plan to work on Avis just before harvest starts.

There was further discussion regarding the conversation with broker Daniel O'Connell from Pacific Land and Energy regarding the solar project at District shop. The representative brought up the potential to lease land from the Barale Ranch for a large solar project. District Manager Terry Bressler stated that the project would get pushed west because the District is planning to put in a new ditch on the west side of Drumheller. The usage information the solar company is looking at is from the drought year 2022 when wells were used, and District staff informed them that the District does not typically use that much power on a non-critical year.

District Manager Terry Bressler shared the start date for the hydro project will be between March 25<sup>th</sup> and April 5<sup>th</sup>. Trustee Bailey and Vice-Chairman Borrelli stated they thought the Board had decided to not move forward with the hydro project. Trustee Bailey stated that he still has concerns regarding the head loss that District will suffer. After review, it was determined that the hydro project was approved at the November 8, 2023, meeting after the project proposal had been updated to mitigate potential head loss and included that the District has no money out of pocket, and only pays for power. Emrgy will cover the remaining costs and stated that the project should only raise the ditch by three inches at most. The BOT approved the project subject to the contract being reviewed by District legal counsel with a 4-1 vote. The minutes from November 8, 2023, reflect that Trustee Bailey opposed the project due to the unknown variables, as well as the concern of being flat at the project point and that the project could potentially build head, which would be counterproductive.

District Manager Terry Bressler provided updates from the Butte-Sutter Bypass Coordinated Operations Group (BSBCOP) meeting on February 14, 2024. During the meeting, District staff asked about the status of discussion with the US Fish and Wildlife Services regarding the plugged-up area of Butte Creek between the White Mallard Dam and the drop off at the bottom of the District. BSBCOP is still working on resolving the issue.

District Manager Terry Bressler presented the job description for the District Operations Specialist position. The BOT had a few edits pertaining to the job description requirements, but did not have any other concerns. District staff will update the job description, send back out to the BOT and then post with local newspapers, Cal Ag jobs and local college ag departments.

Shasta is at 3.7M AF, outflow is 13,000 CFS and inflow 10,000 CFS. Oroville Reservoir is at 2.8M AF, and 2600 CFS going out and 6500 CFS coming in. Oroville was previously letting out over the top, but has stopped at this point.

Trustee Bailey asked District Manager Terry Bressler questions pertaining to the USBR water cut back; how is that amount calculated with the projected inflow. In previous years, allocations were released by May. District Manager Terry Bressler explained that the USBR postponed the water allocation back until June, but then fully released it. Trustee Herkert stated that MBK recently presented updated projections for 2024, all projections reflected Shasta above 3.2M AF and felt that a letter from the USBR announcing a non-critical year should be forthcoming.

District Manager Terry Bressler reported that the District's water sales ended up at 85,800 AF sold for the 2023-24 water year.

The District recently received a letter from the USBR regarding the Trinity fee. Effective 2024, the Trinity fee will be included in the USBR COS rate and will be paid up front. At the end of the water year, USBR will perform an analysis to determine if there is a deficit or credit.

Trustee Bailey asked if the District's bottom line has been calculated for 2023, and if there is funding to provide refunds for 2023 water toll. Office Manager Barbie Buchanan stated there was a loss of \$41,789.00, so refunds based on the 2023 budget were not an option.

**9. Old Business:**

**A. Discussion and Possible Action regarding Butte Creek**

Discussion only, no action taken.

**B. Discussion and Possible Action regarding Solar Program and Proposal**

Discussion only, no action taken.

**C. Discussion and Possible Action regarding White Mallard Dam Automated Dam Level Cost, Feasibility and Operations**

Discussion only, no action taken.

**D. Discussion and Possible Action of Construction Contract for Brooks Walker and Avis Pumps**

Topic was covered in Manager's Report above – direction to move forward with the full project at Brooks Walker, and slow down on Avis until just prior to harvest 2024.

**E. Discussion and Possible Action regarding the 2023 Water Toll**

Discussion confirming that there a loss of almost \$42,000.00 and refunds were not an option for 2023 water toll. Discussion only, no action taken.

**F. Discussion and Possible Action regarding the 2024 Budget**

Office Manager Barbie Buchanan presented the 2024 draft budget and provided the opinion from the District's CPA to include depreciation in the budget. If the depreciation schedule changes after the 2023-year end audit, that individual line item will be brought back to the BOT for review and approval. Trustee Herkert stated that from a cash planning perspective it makes

sense not to include the depreciation, however, he does understand that based on the recommendation of the District's auditor it should be included. Trustee Borrelli restated that he is not ready to approve a budget without the BCF/RC issue regarding the upfront payment of water whether it is used or not. Trustee Borrelli suggested including the 75% upfront cost from the USBR in the standby fee so that everyone in the District has the same payment policy. Discussion continued regarding potential resolutions for the BCF and RC invoicing and the fact that they do not receive refunds for any water not used. Trustee Herkert brought up the question of if RC and BCF uses a total amount of water, from any and all sources, that is equivalent to or more than the 75% project water amount, and agrees with Trustee Borrelli that everyone in the District should be treated the same. Vice-Chairman Borrelli disagreed with Trustee Herkert in that Butte Creek water does not compare to project water. RC pays for project water whether they use it or not, as well as pumping costs. Vice-Chairman Borrelli does not have any issues with anything else in the budget other than the RC/BCF refund issue and would prefer to hold off on approving the budget until April. Trustee Herkert and Trustee Bailey would like to see the budget approved prior to the Landowner Meeting in April. Discussion continued surrounding RC/BCF refund opportunities, and it was decided to add the topic on the March meeting agenda to discuss and potentially adopt a policy directly related to how RC/BCF get invoiced and/or refunds for water used. Discussion to continue to charge USBR water at \$41.77, and bill for any additional USBR fees, including Trinity, Rescheduling, True-Up, etc., when the District receives a bill from USBR.

Initial motion to approve the 2024 Budget, Draft #7 dated 1.11.24: Trustee Herkert  
After further discussion, updated motion to approve the 2024 Budget, Draft #8 dated 2.14.24, which now includes depreciation: Trustee Herkert  
Second: Trustee Bailey  
Vote: 4 in favor/1 opposed, motion carries.

Vice-Chairman Borrelli opposed the budget because of the issue pertaining to the project water fee issue, and whether or not RC/BCF receives refunds for water that was not used and feels that issue should be resolved prior to budget approval.

**G. Discussion and Possible Action regarding Reserve Funding**

Discussion regarding the District's target for reserve funding. Trustee Herkert suggested that instead of the determining a specific number, the District should have a policy which includes a percentage in order for the policy to stay relevant as number change moving forward. District staff will check with District auditor for input. Topic tabled until March 2024.

**H. Discussion and Possible Action of Drought Relief Funding Allocation**

Trustee Bailey started the discussion by stating that he felt the District should be using part of the USBR drought relief funding to offset the 2023 toll and suggested a refund of \$5.50 per a/f for 2023 water toll, and potentially amortize that over the next three to four years to reduce the water toll. Vice-Chairman Borrelli stated that any money coming out of the USBR drought relief funding needs to go back to all landowners within the District. Trustee Bailey reconfirmed his opinion regarding the excavator purchase coming from the general fund rather than the USBR

drought relief funding. There was much discussion to determine who funding should go to, the landowner or the end user/grower. Trustee Bailey felt that the person who pays for water should be the one to receive the funding.

Trustee Herkert suggested taking \$600,000.00 paid directly to the landowner based on a per acre basis. To calculate that, \$600,000.00 divided by in acres within District boundaries of 18,386.8 acres would be \$32.63. Discussion regarding acreage continued, and BOT decided to include fields within the District boundaries, and those included on the USBR River contract. Office Manager Barbie Buchanan shared that Chairman Hulbert provided input prior to the meeting that if there was going to be a carve out, his number would be \$200,000.00. Trustee Bailey and Vice-Chairman Borrelli felt that \$200,000.00 is too low.

Trustee Bailey feels that the drought relief funding was intended for those who incurred a loss, the end user. Vice-Chairman Borrelli and Trustee Herkert would like to try to come to a decision today, whether it is giving back to landowners or the potential uses for the funding if it doesn't go back to landowners. Trustee Herkert would like to see the balance of the funding balanced out between direct payments to people within the District and deferred maintenance projects. The BOT agree that it should be done as a one-time payment rather than being spread out over multiple years. Discussion continued to determine who checks should be made out to; landowner or end user/grower. Trustee Bailey feels that the end-user should be the ones receiving the payment for the losses incurred. Trustee Herkert understood Trustee Bailey's perspective, but felt that it was cleaner to issue the checks to the landowner.

Further discussion regarding the District's definition of end user if there are two separate end users, growers and duck hunters. Ultimately, it was decided that the landowner is who the one who the drought funding belongs to. Trustee Bailey felt that the person effected is the one who should receive the money and felt that the funding should be calculated by the a/f. Vice-Chairman Borrelli stated that the drought relief funding went to the District and the District is comprised of landowners, not tenants. He also feels the funding should calculated by the acre, and should go back to the landowner. As far as end user benefit, that is left up to the landowner and the end user to determine further action.

Trustee Herkert suggested that the BOT allocate \$600,000.00 to give back to current landowners within the District, and keep the remaining \$600,000.00 for future decisions. All trustees agreed.

Discussion continued regarding acreage determination within the District, and BOT directed District staff to check with legal counsel to determine actual acreage for owners within the District boundaries. Trustee Herkert would like to include all landowners on the USBR River contract, but is open to changing his motion to include only acres within District boundaries. After further discussion, it was decided to seek further legal advice prior to final decision, but the announcement can be made at the landowners meeting that the funding will be coming back to them. District Manager Terry Bressler tried to contact legal counsel, but had to leave a message.

Motion to approve a \$600,000.00 to go back to landowners within the District, rate to be determined based on verification of acreage: Trustee Herkert  
Second: Trustee Bailey  
Vote: Unanimous

After the motion was made and voted on, the District's legal counsel returned the call and it was determined to include landowners within District boundaries and part of the USBR river contract.

**I. Discussion and Possible Action regarding Sutter Refuge Water Wheeling Contract with USBR**

District Manager Terry Bressler informed the BOT that the USFWS has decided to work exclusively with Sutter Mutual for wheeling water to the Sutter Refuge because the USBR is concerned about the amount of water lost from theft on Butte Creek as it moves down from RD 1004 District to the Sutter Refuge.

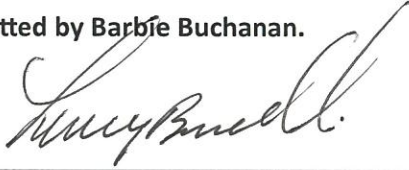
**10. CLOSED SESSION AND TOPICS TO BE DISCUSSED:**

**A. Discussion and Possible Action regarding Sacramento River Water Rights/Bureau of Reclamation & California Department of Water Resources**

No closed session called.

Meeting adjourned at 2:50 p.m.

Submitted by Barbie Buchanan.



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Larry Borrelli  
Vice-Chairman of the Board



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Barbie Buchanan  
Secretary to the Board of Trustees