

Reclamation District No. 1004



**RECLAMATION DISTRICT NO. 1004
BOARD OF TRUSTEES
MEETING MINUTES
November 8, 2023
Regular Board Meeting**

Board of Trustees (BOT) present: Chairman Hulbert, Vice Chairman Borrelli, Trustee Herkert, Trustee Mord and Trustee Bailey. RD1004 staff present: District Manager Terry Bressler and Secretary to the Board of Trustees Barbie Buchanan. Public attendees present: Deryl Phy and Hayden Harter. Public attendees present by phone: Micheal Marver.

1. Call the Meeting to Order

Meeting called to order 10:00 a.m.

2. Approval of Agenda

Motion to approve agenda for November 8, 2023: Trustee Herkert

Second: Trustee Mord

Vote: Unanimous

3. Approval of Minutes

A. September 13, 2023 Regular Board Meeting

Motion to approve minutes from September 13, 2023, Regular Board Meeting Minutes with suggested edits from Trustee Borrelli: Trustee Herkert

Second: Trustee Mord

Vote: Unanimous

B. October 11, 2023 Regular Board Meeting

Discussion regarding the USBR true up fees charged to the District. Trustee Borrelli stated that after reviewing the USBR contract, he did not see anything that allows the USBR to set a rate that we pay up front, and then come back to the District with additional charges. Public attendee Hayden Harter also asked for clarification of the USBR true up charges. Chairman Hulbert suggested checking with the District's attorney to clarify how USBR can change their rates and charge us for the new balance due.

Motion to approve minutes from October 11, 2023, Regular Board Meeting Minutes with suggested edits from Trustee Borrelli: Trustee Bailey
Second: Trustee Herkert
Vote: Unanimous

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 presented the Treasurer's Report. Discussion regarding the year to date interest for the Edward Jones investments, which is \$81,038.35. Office Manager Barbie Buchanan informed the BOT that the funds that matured in October were reinvested into two 6-month CDs at 5.4% and 5.45% interest rates. Trustee Borrelli suggested moving all Treasury notes to CDs to get a better rate. Office Manager Barbie Buchanan explained that because inventory was low, the District had to include Treasury notes, and yields were comparable to CDs, however, as those notes mature they will be moved to CDs when possible. Trustee Herkert asked how Edward Jones gets paid. Office Manager Barbie Buchanan will get that information and bring it back to December's Board Meeting.

B. Interim Disbursements

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

C. Accounts Payable

Office Manager Barbie Buchanan presented an additional list of payables not included in the original board packet totaling \$24,175.67, bringing the total payables presented to \$60,303.22.

Motion to approve account payable as presented: Trustee Borrelli
Second: Trustee More
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 two transfers:

- \$2,500.00 for Water Rights from the general fund to Colusa County Fund 2 (499)

- \$10,000.00 for Princeton Pumping Plant from the general fund to Colusa County Fund 3 (500)

Motion to approve the two transfers as requested: Trustee Herkert

Second: Trustee Mord

Vote: Unanimous

Chairman Hulbert reported that the District's CPA was here on October 31, 2023, for the third quarter visit and outside of a few minor adjustments, everything is in order and the next visit will be to begin prepping for the annual audit.

6. New Business:

A. Discussion and Possible Action of Drought Relief Funding Allocation

Discussion regarding a potential list of funding allocations for the Drought Relief Funding, including offsetting standby and water toll fees. Trustee Borrelli suggested identifying a specific amount from the funds available to reduce fees. At that point, determine a pro rata share and allow the grower/landowner to determine how they will use their pro rata share. Trustee Bailey stated that he is not opposed to subsidizing the standby fee, however, the District should have a plan. Trustee Bailey feels that the funding was for drought relief and believes it should go back to the grower/landowner. Trustee Borrelli added that it is difficult to justify a fee increase when there is a large sum of money available to use to reduce fees.

Chairman Hulbert explained that the general discussion with SRSC regarding the drought relief funding was that the intention was to keep the water districts in business. There was never a discussion on how to distribute the funding to growers because of the amount of the funds being distributed. However, he understands that RD1004 is owned by the landowners, and is not opposed to the ideas being discussed but would like everyone to keep in mind that there are also District construction projects coming up.

Public attendee Deryl Phy asked how much of the District's money SRSC kept, and wanted to know how much additional money would the District have received without SRSC. Chairman Hulbert explained that out of the \$60M distributed, SRSC carved out \$3M, which was an estimate for the salmon studies for the next few years at the time, in addition to some SRSC admin fees, before distributing the remaining to the Districts. RD1004's AF is 3.42% of the SRSC's AF, which equates to \$102,600.00 in this situation.

Public attendee Hayden Harter asked if SRSC has a plan as to how the dues will be used when they are increased. Mr. Harter suggested that the District think about allocating some of the drought relief funding to go towards the increased SRSC dues when that happens. Chairman Hulbert explained that District has already carved out capital to create the Water Rights Fund and \$250,000.00 of the drought relief funding was moved to that account to help offset the expected increase. Public attendee Hayden Harter would like to see the District being cautious when determining uses for the drought relief funding. Chairman Hulbert agreed with being cautious, and explained the need to use SRSC because of the complexity and the need to protect the District's water rights.

B. Discussion and Possible Action of CVP Reserved Works Application for Funding

The USBR requested a letter of support from the District regarding the Aging Infrastructure Account. After legal review, and the District is concerned that there may be fees associated with the reimbursable requirement eluded to in the letter. Chairman Hulbert is not in favor of signing a support letter that could potentially cost the District additional fees. The recommendation from the District's attorney is to not sign the support letter for the USBR at this time without more information.

C. Discussion and Possible Action regarding Regroup Mass Notification System

Office Manager Barbie Buchanan presented a mass notification system quote received from Regroup. Trustee Herkert supports improving District communication and provided examples of notifications he has received. Public attendee Hayden Harter provided another option to look at, Active Alert. The BOT had further questions and discussion regarding purchase and District need, and would like more information regarding the system and alternatives before moving forward.

7. Chairman's Report

A. Update on Sacramento River Settlement Contractors

Chairman Hulbert shared that SRSC had a well-attended meeting with USBR and Commissioner Camille Touton, however, while SRSC is negotiating with USBR, that was not the purpose of this meeting. Trustee Borrelli would like to see a decision made as to how the funds will be distributed in the District before this goes to a vote. He feels that if landowners are giving up water, then landowners should receive the funding. Chairman Hulbert agreed and stated that if landowners are giving up water, they will be paid for that water because that would be a forced water sale that includes all lands within the District, not just in-service lands.

The District will determine what the numbers are after the USBR solidifies the deal, but before a vote, to allow the BOT to determine the best position for the District. Once SRSC knows more about the details regarding the USBR negotiation, the District will have a landowner meeting to get a consensus and approval before the District signs on to any USBR negotiations.

Public attendee Hayden Harter asked if the USBR cuts the District's water allocation to 50%, how will crop insurance be impacted. Chairman Hulbert confirmed that crop insurance would not be impacted and that specific issue has been brought up at every meeting.

Trustee Bailey discussed the current contract details about how much the USBR can cut, which is 25%, unless there is a state of emergency which allows an additional 25% cut. He stated that if the USBR cut an additional percentage for the carve out, that would leave the District with 50% allocation. Chairman Hulbert brought up that in 2022 the District had an 18% allocation because the physical supply of water was not in Shasta. The difference is the USBR is now willing to put up some funding to provide assurance to the fish agencies that if we have a bin three (BIN 3) year, we can come up with a little bit of water for the fish.

Trustee Herkert stated that referring to this as a sale is not a good representation of the situation because it is not a voluntary sale, it is being forced by the USBR. Trustee Mord asked if the \$200

million that the USBR is putting up is not used within the 10 years, does the remaining funding get distributed to all of the Contractors within SRSC. Chairman Hulbert stated that he would rather another public agency hold the funding until the USBR calls for the water so that the money does not get used before the water is called on, and that all rules are followed when using the funds. He also raised concerns about the USBR calling for more than the 500,000 a/f of water within the 10-year period and the negative impacts on the District if the fish agencies have more control. There will be a special Board meeting, and then a landowner's meeting to be able to answer questions before moving forward.

Break for lunch 12:05 p.m.
Back in session 12:25 p.m.

8. Manager's Report

District Manager Terry Bressler set up a presentation for the Weedoo boat presented at October's Board Meeting. The Weedoo company will be here in December to provide an operation demonstration. Trustee Borrelli suggested talking with DWR's Sutter division to see if they would be interested in a Weedoo boat for cleanup on Butte Creek.

District staff have been working on the District levees to ensure there are not cracks before the water comes up.

District Manager Terry Bressler shared that Ducks Unlimited (DU) has received a letter from CDFW asking for a proposal from DU for the job at the White Mallard Dam which includes automation, clean up and measuring device installation at the bifurcation plant. DU staff will be onsite on November 9th to start gathering information to develop the proposal.

District Manager Terry Bressler reported that all six pumps are running at the Princeton Pumping Plant and three of the District wells have been started to keep up with the demand for winter water. The District is currently delivering 550 a/f per day. At this point, the District has delivered 70,581 a/f for the year. Trustee Bailey pointed out that the District will fall short of the 85,000 a/f delivered target.

Public attendee Hayden Harter asked who pays for the PG&E when running the wells. District Manager Terry Bressler stated that the District will pay for PG&E, and expects the wells to be off within the week. Mr. Harter disagreed with running wells and the District paying for PG&E in order to fulfill the need for winter water and suggested a streamlined process to save the District money. Chairman Hulbert stated that water users who take winter water have just as much right to the same water as landowners and rice growers. He also stated that the District Manager needs to use wells as he sees fit to run District deliveries efficiently.

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. District Manager Terry Bressler shared that PG&E improvements will cost \$1M before any work can be done. Chairman Hulbert asked District Manager Terry Bressler to find out what the PPA rate will be after the improvement costs are incorporated before moving forward.

C. Discussion and Possible Action regarding Hydro/Solar Program & Proposal-Emrgy

District Manager Terry Bressler updated the BOT with the latest updates for the hydro/solar program from Emrgy. The project proposal includes no money out of pocket, Emrgy will do it all. District pays for power only. Chairman Hulbert suggested trying out a smaller project to ensure the performance of the units and the savings to the District before the District purchases the full program. District Manager Terry Bressler shared concerns that the project will raise the ditch level, however, Emrgy states it would raise the ditch by three inches at the most. District staff will forward for legal review with the addition of a removal clause if pumping capacity is impacted.

Motion to approve moving forward with the contract subject to legal review and/or further Board review: Trustee Borrelli
Second: Trustee Herkert
Vote: 4 in favor/1 opposed, motion carries.

Trustee Bailey is opposed to the project due to the unknown variables. He is concerned about being flat at the project point and this project could build head, which would be counterproductive.

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

Discussion only, no action taken.

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

District Manager Terry Bressler shared that the Avis plans are complete, and asked if the BOT would like to proceed with project. The plan is the District will act as General Contractor, and is ready to start working on the project by the end of the month. Trustee Bailey supports the District being its own general contractor and recommended doing things in chronological order and obtaining firm pricing before moving forward with the project. District Manager Terry Bressler will obtain at least two bids on concrete work.

The Brooks Walker project will be scheduled to start next year, and the plan is to be operational by Spring 2025.

Motion to proceed with the Avis project with the District acting as general contractor with current submitted plans stamped 11/3/2023, blueprint number 68595: Trustee Bailey
Second: Trustee Herkert
Vote: Unanimous

F. Discussion and Possible Action of Groundwater Wheeling Policy and Ditch Loss

District Manager Terry Bressler presented a new wheeling fee policy that is in line with policy that was approved at October's meeting for Mallard Ranch and is asking for a blanket policy to be approved. Discussion regarding how many landowners/growers fall into each tier of the proposed policy. Public attendee Deryl Phy asked how much he would pay with the new policy, the BOT confirmed that he would not pay ditch loss or wheeling fee. Mr. Phy asked that his comment and answer be noted in the minutes.

Motion to approve policy with edits from the BOT: Trustee Bailey

Second: Trustee Borrelli

Vote: Unanimous

District staff will bring edited copy to December's meeting for review.

G. Discussion and Possible Action regarding the 2023 Winter Water Unit Duty

Chairman Hulbert confirmed that the winter water unit duty is 3 a/f. Discussion only, no action taken.

H. Discussion and Possible Action regarding the 2023 Water Toll

Discussion only, no action taken.

I. Discussion and Possible Action regarding the 2024 Budget/Water Toll/Standby Fees

Chairman Hulbert stated that the PG&E rates are projected to increase approximately 20% in January 2024, and will continue to increase after that. That increase will need to be reflected in the 2024 budget. Office Manager Barbie Buchanan reported out that District staff met with Trustee Bailey and Trustee Herkert to review the Admin/Standby fees and verified that \$34.52 is the appropriate and true amount for the Admin/Standby fee, and estimated the water toll to be at \$21.00. During that meeting, District staff added the \$30,000.00 for the water rights into the Admin calculation.

Discussion continued regarding the estimated USBR water fees, Standby and Admin fees for 2024. Further discussion concerning Rancho Caleta (RC) and Butte Creek Farms (BCF) water usage pumped off the Sacramento River. Chairman Hulbert asked District staff to go back to 2021 a/f pumped to determine the usage for RC and BCF versus the in-service land usage to determine equitable usage charges and/or refunds. Trustee Borrelli does not want things to be adversary, but does want it to be equitable. Trustee Herkert is concerned that if the District continues to manipulate the charges, the District could potentially end up owing money to RC and BCF, which would not be appropriate for the District given that all landowners should pay their fair share to be in the District. Chairman Hulbert agreed that the current Admin/Standby fee is too high, and would like to find a fair program that is not overly complicated. Trustee Borrelli suggested determining an overall percentage of any subsidies being offered for every landowner and allow the landowner to determine how to use the subsidized percentage, admin, standby or water toll. Chairman Hulbert suggested that if the District is going to provide relief,

take the amount off of the USBR water charges because that impacts everyone, as everyone pays the same water charges. Trustee Borrelli suggested bringing in a consultant to review the fees.

The BOT would like to see the District migrating towards the actual cost over the next few years in calculating Standby fees, and understands landowners and growers need to be informed as to what is going on and what potential charges could be. Chairman Hulbert mentioned a two-year phase, however, Trustee Herkert suggested spreading the increase over the next three years starting with a 2024 standby fee of \$26.50.

Chairman Hulbert asked District staff to bring back an updated draft budget for December's meeting using numbers discussed at today's meeting.

J. Discussion and Possible Action regarding Elections Appointment

Chairman Hulbert announced that Trustee Herkert and Trustee Mord have been officially reappointed to their trustee positions through 2027 and the District has received a copy of the Certificate of Oath from Colusa County for each trustee.

K. Discussion and Possible Action regarding the Sacramento River Settlement Contractor Cost Analysis

Discussion only, no action taken.

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 2:45 p.m.

Submitted by Barbie Buchanan.



Ed Hulbert
Chairman of the Board



Barbie Buchanan
Secretary to the Board of Trustees