

RECLAMATION DISTRICT NO. 1601

306 Second Street
Isleton, CA 95641

Minutes of the Board of Trustees Regular Meeting December 17, 2024

1. CALL MEETING TO ORDER.

President Sgarrella called the regular meeting of the Board of Trustees (Board) to order on December 17, 2024, at 9:01 a.m. ROLL CALL: In attendance: President Barry Sgarrella, Trustee Dave Huston and Trustee Jasbir Gill. District's superintendent Mr. Ricky Carter Jr., District's engineer with KSN Mr. Chris Neudeck, District's attorney Mr. Jesse Barton and District's accountant/treasurer Mrs. Perla Tzintzun-Garibay with Butterfield and Company.

Also attending, Mr. Ricky Carter Sr., Ms. Ceci Giacomia, Mr. Richard Silva, Mr. David Julian, Mr. Cleveland Bellard, Ms. Otome Lindsey, Mr. Matthew Doner and Mr. Jason Mahan.

Attending by conference call, District's secretary Mrs. Linda Carter.

2. PUBLIC COMMENT: ANY PERSON MAY SPEAK ON ANY TOPIC INCLUDING ANY AGENDA ITEM LISTED BELOW, PROVIDED IT IS WITHIN THE JURISDICTION OF RD 1601.

Nothing to report.

3. MINUTES FOR REGULAR MEETING.

President Sgarrella entertained a motion to approve the November 19, 2024, regular meeting minutes as presented, motion was seconded by Trustee Huston, VOTE: AYES: President Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSTAIN: None ABSENT: None, motion carried.

4. ACCOUNTS PAYABLE.

Mrs. Perla Tzintzun-Garibay went over the accounts payable, accounting notes and financial statements with the Board. President Sgarrella reviewed the accounts payable before today's meeting.

Mrs. Perla Tzintzun-Garibay also noted the payments and deposits made between meetings:

On December 6, 2024, payment to PERS for \$3,071.58. On December 11, 2024, deposit \$1,000 from California Resources Corp (for permit), \$176.41 from US. Bank Corp for a rebate and \$131.67, from RD 536 for rent payment.

Mrs. Perla Tzintzun-Garibay told the Board there is a new vendor, The Watershed Nursery that will be working with the TW21-1.0 project (TWERP).

President Sgarrella, Mr. Chris Neudeck and Mrs. Perla Tzintzun-Garibay discussed with the Board the needs to make a payment of 5% (\$110,000.00), to Panelized Structures, Inc., the contractor for the Solar Array project.

After some discussion President Sgarrella entertained a motion to approve accounts payable of \$445,000.00, invoices that were presented today, transfers and DWR invoices, from Bank of Stockton 1878 (General Account) into the Bank of Stockton 4201 (Checking Account) and transfer of \$110,000.00 (for the Solar Array contractor) from Bank of Stockton 1878 (General Account) into the Bank of Stockton (Checking Account), motion was seconded by Trustee Gill, VOTE: AYES: President Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSTAIN: None, ABSENT: None, motion carried.

After some discussion President Sgarrella entertained a motion to approve the transfer of \$30,731.20, from Bank of Stockton 3167 (TW 21-1) TWERP, into the Bank of Stockton 1878 (General Account), motion was seconded by Trustee Gill, VOTE: AYES: Trustee Huston and Trustee Gill NOES: None ABSTAIN: None ABSENT: None, motion carried.

Account Receivable: DWR Trust: \$4,779.75

Account Receivable: NOAA: \$2,017.56 (weather station utilities Aug-Nov 2024).

Account Payable: Retention due to Hanford ARC: \$34,866.41.

Special Project Invoices Pending Approval: \$53,005.76

Subventions Claim FY 2023-2024: \$414,100; Expected Reimbursement: \$301,650.

5. BOARD WILL AWARD A NEW LEASE FOR THE NORTH CHEVRON POINT PROPERTY.

Mr. Richard Silva handed Mrs. Perla Tzintzun-Garibay a check for the first year's payment for the 5-year lease (the lease begins January 1, 2025 and ends December 31, 2029), for the North Chevron Point property.

Mr. Jesse Barton told the Board that he had drawn up the new lease agreement and added Mr. Silva's wife Mrs. Noeme Silva to the agreement as request by Mr. Richard Silva. The lease is for 5-years starting January 1, 2025 and ends December 31, 2029. The lease is for \$313.05 per acre (390 acres) per year with no annual increase for the term of the lease. Mr. Silva will need to sign the original copy and send it back to Mr. Barton.

After some discussion President Sgarrella entrained a motion to approve the 5-year lease agreement with Mr. Richard Silva and adding Mrs. Noeme Silva to the lease, Trustee Gill seconded the motion VOTE: AYES: President Sgarrella Trustee Huston and Trustee Gill NOES: None ABSENT: None, motion carried.

6. BOARD TO HEAR CONSIDER HIRING A LABORER FOR THE DWR SPECIAL PROJECTS.

Mr. Ricky Carter Jr. reported that he had spoken with Mr. David Julian this morning about filling the position. They decided that both of them will be working on the interviews of the new candidates. Mr. Carter Jr. told the Board he has two candidates to interview. After some discussion President Sgarrella entertained a motion to authorize Trustee Huston assist Mr. Carter Jr. and Mr. Julian with interviews for the hiring of the new laborer for DWR special projects, after the background check and

resume has come back clean, then that person will be hired sometime in January, Trustee Gill seconded the motion VOTE: AYES: President Sgarrella Trustee Huston and Trustee Gill NOES: None ABSENT: None, motion carried.

7. SOLAR POWER-THE BOARD WILL DISCUSS RISING ELECTRICITY COSTS. THE BOARD WILL RECEIVE AN UPDATE ON THE SOLAR ARRAY PROJECT. BOARD TO REVIEW A PROPOSAL BY EIDE BAILLY, LLP AND POSSIBLY AUTHORIZE THE HIRING OF THIS FIRM TO PROVIDE PROFESSIONAL SERVICES TO THE DISTRICT IN SUPPORT OF ITS APPLICATION TO THE IRS FOR DIRECT PAY REBATES AND SAFE HARBOR PROCESSING.

Mr. Chris Neudeck reviewed with the Board a proposal from Eide Baily that KSN Inc. and President Sgarrella are recommending the District hire to assist and advise the District in seeking and acquiring the potential Federal IRA rebates for the District's solar project. Mr. Neudeck went over with the Board Eide Baily Scope of work and fee dated November 26, 2024. Eide Baily is a CPA firm that specializes in the processing and filling for Federal rebates under the Inflation Reduction Act for renewable energy project. The cost would be from \$55,000 to \$80,000. They would prepare and track applications to obtain the IRA rebates that are eligible for this project. Mrs. Perla Tzintzun-Garibay our accountant with Butterfield and Company told the Board that Butterfield and Company does not specialize in this. Other district's have used Eide Baily for their projects. President Sgarrella went over the Inflation Reduction Act, which was adopted and put in to law in August 2022. Its new and extremely complicated. There are several fillings required. IRS has made it more complicated with their interpretations of the law. President Sgarrella told the Board the three rebates that the District is seeking are based on 30% base of the project that includes all project costs. Currently that the base amount is approximately \$2M. Then there is the 10% rebate for a low-income area and an additional 10% Domestic Content of structural steel and solar components. There is another Rebate for Energy Community. President Sgarrella told the Board there are a few more rebates available that is why the District needs to hire someone who understands the codes and can fill out all of the forms and have a full understanding of all available Rebates. A list of Eide Baily activities for the district is listed in KSN's engineer's report. At this time the District qualifies for IRS Safe Harbor under the IRA based on construction started 2024 and 5% of the total project cost. If the project cost increases the amount from the rebates will increase as well. President Sgarrella asked the Board to agree to hire Eide Baily to represent the District in obtaining the IRA Rebates. If the Board decides to hire Eide Baily, Mrs. Perla Tzintzun-Garibay will need to work closely with them. The rebates will not be received until after the Solar Array goes on line. Then the rebates will reimburse the cost of the project and the District make partial pay down on the warrants from Bank of Stockton. Then the funds saved on the PG&E bills will pay down the rest of the warrants. The Solar Array will pay for it self in 12 years.

After some discussion, President Sgarrella entertained a motion to authorize hiring Eide Baily to perform the IRS fillings for Direct Pay under the IRS code. At the rate of \$55,000 to \$80,000, Trustee Huston seconded the motion VOTE: AYES: President

Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSENT: None, motion carried.

Mr. Chris Neudeck reviewed the recommended progress payment number 1 to Panelized Structures Inc dated December 9, 2024.

Mr. Neudeck reviewed the request for proposal (RFP) and change order to Panelized Structures Inc.'s contract to account for saturated foundation conditions prior to placement of aggregate base surfacing. Due to the rains the puddle of water is not draining and the soft soil area needs to be stabilized by placing aggregate.

President Sgarrella is still working with PG&E to see if they will accept the more appropriately sized 500-kVA transformer. President Sgarrella told the Board that the District needs a 500-kVA transformer at the present the District has a 300-kVA transformer on a pole. It would be ideal to take a 500-kVA transformer and replace it on the pole where the 300-kVA and leave the switch gear in the pump house where it is. That will be President Sgarrella first offer to PG&E. There has been some confusion on who requires the equipment to be above the base flood elevation.

It is a Sacramento County requirement, PG&E has a specific section in their Green Book, that prohibits locating a transformer on an elevated mount or platform in a flood plain. Instead, PG&E requires waterproof transformer placed at grade. PG&E has water proof transformers. If the District can get PG&E to accept the 500-kVA pole mounted transformer, that will be the least expensive solution. President Sgarrella has sent the request to PG&E, waiting for their response.

Precision Build USA (structural engineer) is currently "on hold" to design an elevated steel platform to raise the transformer above 100-year floodplain.

8. SEVENMILE SLOUGH LEVEE EROSION REPAIR PROJECT. THE BOARD WILL RECEIVE AN UPDATE ON THE SEVENMILE SLOUGH EROSION REPAIR PROJECT.

Mr. Chris Neudeck reported to the Board that at this stage there is no update, in the process of working with Mr. David Julian. Mr. Julian updated the Board that the contract is with DWR contracts and being processed.

9. BOARD TO HEAR UPDATE ON THE ISSUING OF AN ENCROACHMENT PERMIT TO CALIFORNIA RESOURCES PRODUCTION FOR A PIPELINE REPAIR. THE BOARD MAY APPROVE AN EXTENSION OF THIS PERMIT.

Mr. Jesse Barton told the Board he had received a letter from California Resources Production Corporation (CRPC) requesting an extension of the encroachment permit the Board had approved last month, CRPC is asking for a fifteen-day extension. Trustee Gill entertained a motion to extend the encroachment permit which was approved at the November 19, 2024 meeting to CRPC for an additional fifteen-days, motion was seconded by Trustee Huston, VOTE: AYES: President Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSTAIN: None ABSENT: None, motion carried.

10. BOARD TO RECEIVE AN UPDATE ON THE THREEMILE SLOUGH EMERGENCY REPAIR. THE BOARD MAY AUTHORIZE ADDITIONAL ACTIONS TO ADDRESS THE EMERGENCY.

Mr. Chris Neudeck went over with the Board the final cost from Asta Construction. Progress payment No. 1 and November 30, 2024 invoice from ASTA Construction. Mr. Neudeck reviewed with the Board the settlement monitoring summary as of December 8, 2024. It has not stopped leaking and it's not clear if it will ever stop leaking. The fix will be a very expensive fix. If we start to see failures such as crown failure and subsidence then more focused analyses will need to be done. We know the sand is very deep. It needs a very deep cut off wall. It has been shown that most fixes do not work for long term.

It could cost from \$3M to \$4M per mile to put a slurry wall in. Mr. Neudeck said it could cost the District about \$1.5M to \$2M to have the slurry wall installed. This is an historical problem the US Army Core addressed then KSN and the District addressed the problem but it has never stopped leaking. Levee Station 60+00 will continue to be monitored, if it moves then additional action will need to be taken. Mr. Ricky Carter Jr. told the Board during high tides there is a lot more water running out. After some discussion the Board decided to keep the emergency open for another 30 days at Levee Station 60+00.

11. BOARD TO DISCUSS ISSUES WITH STABILITY OF THE C-1 CANAL. THE BOARD WILL REVIEW OPTIONS AND MAY APPROVE ACTIONS TO STABILIZE THE BANK OF THE CANAL.

Mr. Jesse Barton told the Board he had put this agenda item on the agenda after Mr. Ricky Carter Jr. called him and told him of the issues he was having with the bank of the canal. As they are cleaning the canal the banks are sluffing off and they are very unstable. Mr. Ricky Carter Jr. had Gornto Ditching come out to do some cleaning on the canal. Mr. Carter Jr. had Gornto Ditching take their long reach excavator and remove some of the material off of the bank and made a "v" cut to correct the canal from the bank. This was the area where it was falling off. Mr. Carter Jr. thinks this has helped a lot; the work was done three or four days ago. The water is flowing well for now. The District has spent about \$7,000, so far this year on C-1 canal. Mr. Chris Neudeck spoke to the Board about the cost to the District, if it should decide to put sheet piles in along the District's canal. Mr. Neudeck said that maybe some crossings need to be installed. Mr. Carter Jr. will monitor the canal banks and maintain communication with Mr. Neudeck.

12. PROJECT FUNDING AGREEMENT TW-21-1.2, PROJECT FUNDING AGREEMENT FOR THE, PLANNING ENGINEERING, AND CONSTRUCTION OF THE TWITCHELL ISLAND WETLAND ENHANCEMENT AND RESTORATION PROJECT. (TIWERP) (EXPIRES 12/31/2027). THE BOARD WILL HEAR A STATUS UPDATE AND DISCUSS. THE BOARD WILL ALSO DISCUSS APPROVING CHANGE ORDER NO. 1 WITH STILLWATER SCIENCES TO PERFORM ADDITIONAL WORK.

Mr. Jesse Barton told the Board that Stillwater Sciences has submitted a change order to him for a change order for about \$90,000.00. The contract price would go from \$137,000.00 to \$222,000.00 approximately for performing additional work. Ms. Otome Lindsey has approved change order no. 1. Ms. Otome Lindsey explained to the Board what the change order no.1 was for and what the additional work will be for the project.

DWR has approved for the extra cost. Trustee Huston has entertained a motion to approve change order no. 1 with Stillwater Sciences to perform additional work for Project Funding Agreement TW-21-1.2, motion seconded by Trustee Gill, VOTE: AYES: President Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSTAIN: None ABSENT: None, motion carried.

13. PROJECT FUNDING AGREEMENT TW-24-1.0-SP-PHASE 2 OF THE MULTI-BENEFIT PROJECT (EXPIRATION 12/31/2028). THE BOARD WILL HEAR A STATUS UPDATE AND DISCUSS.

Mr. Chris Neudeck told the Board that California Department Fish & Wildlife (CDFW) sent in their comments regarding the scope of work (submitted on 8/24/2024). Went over CDFW's comments as of October 31, 2024. KSN Inc. has received comments from Department of Water Resources (DWR) on December 5, 2024, regarding the scope of work that was submitted on August 24, 2024.

The next plan is to meet with DWR and Mr. Byran Brock to talk about funding. Ms. Andrea Lobato with DWR sent a letter stating that DWR was not going to cover the District's cost associated with the Delta Stewardship consistency finding. Mr. Neudeck briefly met with Mr. Brock. Mr. Brock gave Mr. Neudeck some ideas. After the first of the year Mr. Neudeck will be meeting with Mr. Brock again.

14. DWR AGREEMENT "SUBSIDENCE MITIGATION FUNDING AGREEMENT" (SMFA) (WETLAND DEVELOPMENT/SUBSIDENCE REVERSAL AND CARBON SEQUESTRATION PROJECT) (EAST END AND RICE PROJECT) (SMFA EXPIRES 12/31/2030). THE BOARD WILL HEAR A STATUS UPDATE AND AN UPDATE ON THE NEED FOR THE PROJECT EQUIPMENT.

Mr. David Julian reported to the Board that DWR is still working on the lease agreement for the rice project. Once the lease is completed then it will go out to bid. DWR would like for the District to hold on to the rice project equipment. Ag equipment is exempt from most CARB rules.

15. ENGINEERING REPORT: MR. Chris Neudeck

- I. Levee Distress At Levee Station 60+00 Along Threemile Slough.
 - A. Look under item number 10.
- II. Project Funding Agreement TW-24-1.0SP-Phase I-Setback Levee San Joaquin River.
 - A. Look under item number 13.
- III. District Pump Station Solar Array
 - A. Look under item number 7.


16. SUPERINTENDENT REPORT: MR. RICKY CARTER JR.

- Made routine levee inspections rounds.
- Checked oil in the District's pumps at the pump station.
- Rodent control on beavers and squirrels.
- Spreading spoils with District dozer around the canals.
- Trained Mr. Matthew Doner on equipment and daily tasks.

- Continued monitoring sink hole at Levee Station 60+00.
- Had Gornto Ditching come out to work on C-1 canal fix.
- Still cleaning toe drains.
- Had a couple earthquakes, made some extra levee patrols to inspect levee after the earthquakes.
- Made levee patrols during King Tides and high winds.
- Had Asta Construction come and regrade the levee roads and Middle Road.
- Had our yearly Subvention inspection with DWR and Department of Fish and Wildlife.
- Met with DWR engineering to inspect siphon pipes on Twitchell Island.

17. ADJOURN REGULAR MEETING.

The next regular meeting of the Board of Trustees will be called to order January 21, 2025, at 9:00 am, the regular meeting was adjourned at 10:37 am.



Presiding Trustee of the Regular Meeting December 17, 2024, certifies the above minutes.



Secretary