

RECLAMATION DISTRICT NO. 1601

306 Second Street
Isleton, CA 95641

Minutes of the Board of Trustees Regular Meeting June 18, 2024

1. CALL MEETING TO ORDER.

President Barry Sgarrella called the regular meeting of the Board of Trustees (Board) to order on June 18, 2024, at 9:00 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 Mr. Jeff Mueller for Mr. Chris Neudeck, District's attorney Mr. Jesse Barton and District's accountant/treasurer Mrs. Perla Tzintzun-Garibay with Butterfield and Company.

Also attending, Ms. Ceci Giacoma and Mr. Richard Silva.

Attending by conference call, District's secretary Mrs. Linda Carter, Mr. Ricky Carter Sr, Mr. David Julian and Mr. Stephen Burkholder.

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.

Mr. Richard Silva commented on the removal of the District's stuck excavator. Mr. Silva was asked to hold his comments on this subject until it comes up on the agenda (item number 11).

3. MINUTES FOR REGULAR MEETING.

Trustee Gill entertained a motion to approve the May 21, 2024, regular meeting minutes as presented, motion was seconded by President Sgarrella, 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 following payments and deposits made between meetings: On June 6, 2024, EFT payment to PERS for \$1,834.49, due to the timing of the due date. On June 11, 2024, deposited \$700.27 from Gallery and Barton for a refund for North Valley Labor Comp invoice (5600). And US bank rebate Q1 \$100.67. On June 13, 2024, deposited \$131.67 for RD 536 June rent payment.

Mrs. Perla Tzintzun-Garibay reported to the Board that the General Liability Insurance yearly renewal with SDRMA is \$10,917.51, and for Auto Insurance it is \$4,791.63, there was no price increase for this year. Retention was held for Stillwaters Sciences, Inc. for \$2,722.55. Asta Construction submitted their invoice for the work at Owl Harbor-paving improvement for \$16,621.03.

After some discussion President Sgarrella entertained a motion to approve accounts payable of \$100,000.00, invoices that were presented today, transfers and DWR invoices, from Bank of Stockton 1878 (General Account) into the Bank of Stockton 4201 (Checking Account), motion was seconded by Trustee Huston, 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 \$44,760.78, from Bank of Stockton 3167 (TW 21-1) TIMES, into the Bank of Stockton 1878 (General Account), motion was seconded by Trustee Huston, VOTE: AYES: President Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSTAIN: None ABSENT: None, motion carried.

Account Receivable: DWR Trust: \$5,086.45.

Account Receivable: Mattos/Bakke Grazing Lease: \$1.03

Account Receivable: NOAA: \$15,467.90 (weather station utilities reimbursement 11/21-9/23, 10/23-5/24).

Account Receivable: Retention due to Hanford ARC: \$20,086.24

Special Project Invoices Pending Approval: \$70,804.54

5. BOARD TO DISCUSS AND POSSIBLY APPROVE RESOLUTION 2024-05 AND ORDER LEVY ASSESSEMENT CALL NO. 33, BASED UPON OPERATION AND MAINTENANCE VALUATION ASSESSMENT ROLL DATED JULY 21, 1992.

Mr. Jeff Mueller went over with the Board the District's 2024-2025 Draft Assessment summaries calculated for 100%, 90% and 80% of the \$700,000 approved assessment. After some discussion President Sgarrella entertained a motion to approve Resolution 2024-05 and Order Levying Assessment Call 33 (for 2024-2025) at 100% of the maximum approved assessment, based upon Operation and Maintenance Valuation Assessment Roll Dated July 21, 1992, motion seconded by Trustee Gill VOTE: AYES: President Sgarrella, Trustee Huston and Trustee Gill NOES: None ABSTAIN: None ABSENT: None, motion carried.

6. BOARD TO DISCUSS AND POSSIBLY APPROVE THE DISTRICT'S BUDGET FOR 2024-2025.

Mrs. Perla Tzintzun-Garibay discussed and went over with the Board a copy of the proposed draft budget for July 2024 through June 2025. Mrs. Tzintzun-Garibay told the Board the District will be receiving the total amount of \$666,727.22 from the 2024-2025 Assessment Call 33, from the land lease total amount \$78,700.00 and from the rental income \$1,580.00. Making the total budget for 2024-2025 is \$747,007.22.

President Sgarrella suggested some changes to be made on the proposed draft budget. It should have PG&E amount increased. President Sgarrella had received some information from PG&E that the District's electricity may run as high as \$151,000 for the coming year for the District. There is also a need to add funds for the rental of a long reach maybe for two times a year to clean the District's canals. Drone herbicide spraying for \$25,000 for spraying the District's canals. The cost of herbicides. May need to add some for other equipment that is rented throughout the year such as skid steer and backhoe. There will be upgrades needed to the District's pump station once the solar array has been put in. It was decided that Mrs. Perla Tzintzun-Garibay would make changes to the draft proposed budget. Mrs. Perla Tzintzun-Garibay will bring the revised proposed budget next month for possible Board approval. No action taken today.

7. BOARD TO HEAR AN UPDATE AND POSSIBLY APPROVE A MUTUAL AID AGREEMENT WITH ADJACENT DISTRICTS TO PROVIDE EMERGENCY SERVICES DURING HIGH -WATER EVENTS.

Mr. Jesse Barton told the Board after last month's meeting, the Delta Fire District told Mr. Barton they do not want to enter into a mutual aid agreement. Mr. Barton contacted Chief Paul Cutino with River Delta Fire District by email and has not heard from him. The District will need to wait and see if River Delta Fire District wants to enter into a mutual aid agreement with the District.

8. BOARD TO DISCUSS THE RISING COST OF THE ELECTRICITY USED FOR THE DISTRICT'S PUMPS.

President Sgarrella handed out a copy of the PG&E bill along with a copy of the Solar Project Performance and Project Cost-Savings spreadsheet.

President Sgarrella reported to the Board that this month's PG&E bill was for \$10,722.07 with demand charges of \$3,926.11.

Mr. Ricky Carter Jr. told the Board that the District pump timers have been changed over to the PG&E summer schedule and the pumps are running 19 hours a day.

President Sgarrella told the Board once the District has its own solar power then the District can change the tariff from AG-C to AG-B which should reduce the demand charges. The AG-B has higher kWh cost but lower demand charges. There was a discussion on where is all the water coming from for the District's pumps to pump the water off the island.

9. BOARD TO DISCUSS AND POSSIBLY APPROVE TERMINATING NOAA'S ELECTRICITY SERVICE.

Mr. Jesse Barton told the Board that he let Mr. Tom Ayers with NOAA know that the District cannot continue to pay the federal agencies electrical bill with the Districts public funds. Mr. Ayers replied and said that he understood. He said they might be able to pay the bill off. Then Mr. Barton received an email from someone in their accounting office about renewing the UEI number. At this time the District has not received payment from NOAA. Mrs. Perla Tzintzun-Garibay told the Board they are asking for an active Unique Entity ID number (UEI number). A UEI number was given to them but they came back and said the number is an inactive number. They cannot pay on an inactive number. Mrs. Perla Tzintzun-Garibay contacted KSN office she asked for help

from Mr. Sean Pritchard and Mr. Aaron Lickingteller and got the number from them, NOAA is claiming the number is an inactive number. The DUNN number is an old federal system now they have the UEI which you receive a number through SAM.GOV. She is waiting to hear from Mr. Sean Pritchard or someone from KSN. President Sgarrella told the Board that he and Mr. Ricky Carter Jr. looked at the electric box last week, it turns out there is a breaker that can be turned off at the breaker box. It was decided to give NOAA another 30 days before turning the electricity off. Mrs. Perla Tzintzun-Garibay will work with Mr. Pritchard and Mr. Jeff Mueller at KSN to get an active UEI number.

10. BOARD TO HEAR AN UPDATE AND DISCUSS EXPLORING A SOLAR POWER ALTERNATIVE TO POWER THE RD 1601 PUMP STATION. THE BOARD MAY APPROVE ONE OR TWO BID PACKAGES FOR THIS PROJECT.

President Sgarrella went over his spread sheets for the RD 1601 Solar Project Proforma and Projected Cost Savings. He ran each of them at 5%, 8% and 10% and went over it with the Board. After roughly 10 years the District will break even. The amounts on the spread sheets does not include the 5% interest that will be paid to the Bank of Stockton for the \$1.8million loan. The District will not know the true cost until the project goes out to bid. President Sgarrella discussed with the Board the rebates the District could possibly receive and the panel warranties. President Sgarrella will share at next month's meeting the different between tariff AG-B and AG-C on the spread sheet and update with KSN's information. Mr. Jeff Mueller told the Board that they are wrapping up the electrical design and should have everything ready for the July meeting for the Board to decide if the Board wants to have it go out to bid.

President Sgarrella told the Board that he has received an email from the Sacramento County planning department, KSN has applied for permits and the Sacramento County planning department states that the solar panels need to be elevated since they will be built in a flood plain. The District will need to ask the land owner Department of Water Resources (DWR) to write a letter to the Sacramento County planning department stating that as land owners they understand the solar array will be built in a flood plain. President Sgarrella said he would write the letter to DWR requesting DWR to write the letter to the Sacramento County planning department. Once DWR has written the letter then the District can request for a variance from the Sacramento County planning department to build the solar array in the flood plain.

Mrs. Perla Tzintzun-Garibay said the financing for the project with the Bank of Stockton is contingent upon the approval from the Bank of Stockton on whose bid the Board selects. The Board reviewed exhibit H in the engineer's report. Email correspondence related to the solar array general schedule of activities. At the July 16th meeting the Board will review and approve the bid package. If everything goes as planned the Board will have a special meeting on August 9th for opening the bids and approving a successful bidder. Then the successful bidder's package will be sent over to Bank of Stockton for their approval. In the meantime the bidder will be getting their bonds in place. KSN will let the Sacramento County planning department know that the solar array is being built on an easement.

11. BOARD TO DISCUSS THE POTENTIAL LOSS OF ITS EXCAVATOR AND POSSIBLE REMEDIES.

Mr. Jesse Barton gave a brief description of what happen to the district's excavator after it got stuck. The Board has reviewed the many suggested remedies, costing anywhere from \$1 million to \$1.5 million which does not include the cost of mitigation and restoring the ground. Don't know what the cost would be to restore the property to it previous condition. Today, Mr. Richard Silva told the Board that Gomes Construction told him that they could remove the excavator for \$900,000. However, Mr. Barton had a conversation a couple of months ago with a Department of Water Resources (DWR) attorney. Mr. Barton had contacted the DWR real state department and asked whether or not DWR would be willing to approve leaving the excavator where it is. If the District can demonstrate that all the fluids (diesel, hydraulic fluid and oil) have been removed from the excavator.

Mr. Barton received a phone call from one of their attorneys, he told Mr. Barton based on the information within the risk of extracting the excavator it makes more sense to leave it there and let it sink. The DWR attorney said he would be inclined to recommend to DWR management executive to allow the District's excavator to remain in place, if the District can demonstrate the removal of the fluids (diesel, hydraulic fluid and oil) from the excavator as possible. Mr. Barton shared the above information with the Board at last month's meeting. The Board authorized Mr. Ricky Carter Jr to decide if he was going to remove the fluids from the excavator or hire someone to do it. Mr. Carter Jr choose to hire Mr. Juan Carlos with COBALT to come and remove the fluids. On June 3rd, all the fluids were exacted costing the District around \$1,800. Mr. Barton told the Board that he had brought a memo to send to the DWR attorney he has asked Mr. Ricky Carter Jr. to sign the memo and with the Boards approval he will email the memo to the DWR attorney. The Board agreed for Mr. Barton to send the memo to the DWR attorney.

The Board discussed the issue of the District's rate may go up after this due to excavator replacement cost and if the District has to remove the excavator and restoration cost. Or the District could become uninsurable. Mr. Carter Jr told the Board that this coming Thursday Ramos Oil will be coming to remove the barrels with the fluids. Mr. Carter Jr. said that the District will keep checking the area, change the absorbent socks and keep absorbent socks on hand. Mrs. Perla Tzintzun-Garibay reminded the Board that the district has a detectable to pay.

President Sgarrella told the Board that he is going to write a letter to the insurance company talking about possible remedies of removing the stuck excavator and that the District feels the District's stuck excavator and the buckets, long reach stick and cradle the value should be more than \$70,000. Mr. Barton said the insurance came back and said that if the District feels that is not a justifiable value then the District needs to demonstrate to them why the value should be more. President Sgarrella told the Board that he and Mr. Carter Jr. believe that the District needs the replacement excavator to be a short reach and rent a long reach twice a year to clean the canals. The Board had a discussion about selling the rice project equipment (such as the planter and harvester) and using the funds to help purchase the replacement excavator.

Once the insurance company comes up with a final figure for the excavator replacement then the Board will need to make a decision to approve it or not. Trustee Huston and Trustee Gill feel comfortable with Mr. Barton and Mr. President to negotiate a fair price and get a check from the insurance company. Mrs. Perla Tzintzun-Garibay will collect all the invoices contributed to the removal of the fluids from the stuck excavator.

12. BOARD TO DISCUSS AND POSSIBLY APPROVE A CONTRACT WITH DRONE OPERATORS TO APPLY HERBICIDE WHERE NEEDED ON DISTRICT FACILITIES.

Mr. Stephen Burkholder called into today's meeting. President Sgarrella updated him on the drone spraying. Mr. Ricky Carter Jr. has information from the drone company they are asking the District to pay \$15,000 for spraying the canals on Twitchell. They are saying once they spray the canals it should be good for a year and to have a long reach clean the canals in between spraying. Mr. Burkholder told the Board that it sounds good but they need to come back after the first application and come back and do some follow up spraying 4 to 8 weeks after the first application to do a follow up clean up. Mr. Carter Jr. will spray the spots the drone couldn't reach. President Sgarrella said that the District needs to verify with the drone company they will come back and do a spot clean-up for any areas that pop up after the first spray. Another option is to have Mr. Carter Jr. come in and do spot spraying where the drone can't reach. President Sgarrella said that the District has 50 feet of hose on the District's spray rig, Mr. Carter Jr. could spray the Sevenmile Slough with the same formula for the herbicides that Mr. Burkholder recommended and will be used by the drone company and used on the Districts canals. Mr. Burkholder said that there should not be any issues. Mr. Carter Jr. and Mr. Dominic Calabro have their handlers training completed. Before spraying in Sevenmile Slough water samples must be taken. President Sgarrella brought to the Boards attention that something is coming from Brannan Island that is being discharged into Sevenmile Slough. He is suspecting there may be manure runoff. After some discussion it was decided that Mr. Burkholder will send personnel to do a water sample checking for E. coli and coliform at the pumps that pump water in to Sevenmile Slough. Mr. Burkholder will coordinate with Mr. Carter Jr. on the water testing and added testing. President Sgarrella told the Board that he heard back from California Boats and Water Ways (CB&WW), they are not sure that the Sevenmile Slough spraying is included with in the Department of Water Resource (DWR) contributions for areas throughout the Delta. The District is sponsoring a DWR project on Twitchell and Sevenmile Slough has a direct effect on the project. Sevenmile Slough will be a source of water for the project. Waiting to see if DWR can get CB&WW to spray Sevenmile Slough.

Mr. Carter Jr. reported to the Board he has not heard back from California Boats and Water Ways or from Clean Lakes. The District still does not have a revised proposal from Clean Lakes.

13. 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.
Nothing to report.

14. 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. Jeff Mueller reviewed with the Board the road scope of work and preliminary cost estimate for activities aimed at addressing erosion-induced damages to the levee waterside slopes and levee roadways along Sevenmile Slough between levee station 166+50 and 170+55 (between Mr. Barry Sgarrella and Fagundes Dairy property). The damage occurred on Twitchell Island during the 2023 water event that DWR is considering funding as part of an emergency, and reviewed the email correspondence from Mr. David Julian, DWR dated May 28, 2024, DWR 2023 Emergency levee repair funding from the Governors' office. And the scope of work and preliminary estimate prepared by KSN Inc. dated June 3, 2024.

The District will be receiving \$300,000, unfortunately, however \$85,000 will be going toward permitting and adding the cost for engineering the total is \$142,880, construction estimated at \$297,880. Mr. Muller told the Board to expect from 12 to 18 months for the processing of the permits. The scope of work has been sent to Mr. David Julian and he is evaluating it. Mr. Muller has asked DWR to add \$300,000 to the budget for additional work. This will be a separate PFA agreement the funds will be coming out of DWR emergency funds account. At this time don't know if it will be a reimbursement agreement or an advance project agreement.

15. 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 PROJECT EQUIPMENT AND DISCUSS.

Mr. David Julian told the Board that he would like the District to hire a tree service to come and trim some of the trees. No action for this meeting. A group called Expedition Upon Us will be coming out and harvesting a couple acres of tules in the wet lands and storing them in a couple of shipping containers here on island for a year or two. After that they plan on making a boat out of the dried tules. A few people will be coming out in mid-August to start the harvesting tules for a month or a month and a half.

16. ENGINEERING REPORT: MR. Jeff Mueller

I. 2024-2025 Assessment by Landowner Summaries.

A. Look under item number 5.

II. DWR Statewide Multi-Benefit Project Funding Scope of Work

A. Look under item number 14.

III. Delta Levee Subventions Program AB360.

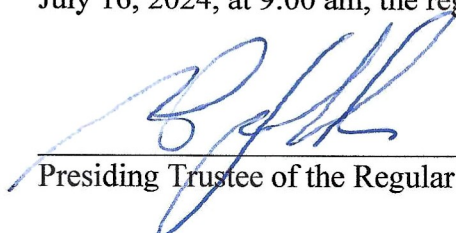
- A. Mr. Jeff Mueller reviewed with the Board by a PowerPoint presentation from the Department of Water Resources staff that will be presented before the Central Valley Flood Protection (CVFPB) at their June 28, 2024, Board meeting related to the Subvention Program Highlights over the past several years together with historical and expense patterns.
Exhibit F: DWR PPT for June 28, 2024 CVFPB MTG
- IV. Project Funding Agreement TW-24-1.0-S-Phase I Setback Levee San Joaquin River.
 - A. Look under item number 14.
- V. District Excavator Recovery with Insurance Company.
 - A. Look under item number 11.
- VI. District Pump Station Solar Array
 - A. Look under item number 10.

17. SUPERINTENDENT REPORT: MR. RICKY CARTER JR.

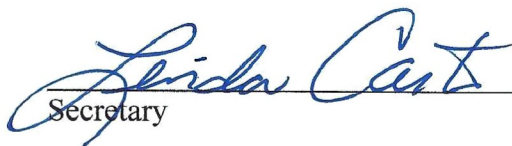
- Made daily levee inspections.
- Checked pumps and oil in the pumps at pump station daily.
- Rodent control on beavers and squirrels.
- Continued cleaning District canals.
- Attended Army Core Threemile Slough. After the inspection the District had to fix two items that was requested by the Army Core to have fixed. One was a siphon riser that was broken. The other item was Mr. Richard Silva had posts in the levee on the waterside of Threemile Slough across from the Brannan State Park. Mr. Silva has his boat tied up to the posts. District personal fixed the problems and took pictures and sent the pictures to the Army Core.
- Hired Mr. Juan Carlos with (COBALT) to remove the liquids from the Districts stuck excavator.
- Worked on Subventions reports.
- Had a fire at Levee Station 210+00, from a camp fire over the weekend. Mr. Ricky Carter Jr called Ms. Otome Lindsey to inform her about the fire. All three fire departments showed up Rio Vista Fire Department/Delta Fire District, Isleton Fire Department and River Delta Fire District. There was a discussion about the burned elderberry trees.

18. ADJOURN REGULAR MEETING.

The next regular meeting of the Board of Trustees will be called to order July 16, 2024, at 9:00 am, the regular meeting was adjourned at 11:18 am.



Presiding Trustee of the Regular Meeting June 18, 2024, certifies the above minutes.



Secretary