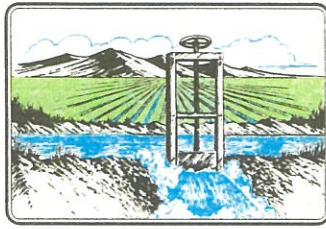


# Reclamation District No. 1004



**RECLAMATION DISTRICT NO. 1004  
BOARD OF TRUSTEES  
March 12, 2025  
Regular Board Meeting  
MINUTES**

Board of Trustees (BOT) present: Chairman Hans Herkert, Vice-Chairman Larry Borrelli, Trustee Mord, Trustee Bailey, and Trustee Garofalo. RD1004 staff present: District Manager Terry Bressler and Office Manager Barbie Buchanan. Public attendees present: Landowner Todd Southam, Landowner Hayden Harter, and Danny Kerns from Provost & Pritchard Consulting Group. Michael Marver with Mallard Ranch present by phone.

**1. Call the Meeting to Order**

Meeting called to order at 10:00 a.m.

**2. Approval of Agenda**

Motion to approve agenda: Vice-Chairman Borrelli

Second: Trustee Garofalo

Vote: Unanimous

**3. Approval of Minutes**

**A. Regular Board Meeting Minutes – February 12, 2025**

Motion to approve minutes with suggested edits: Trustee Bailey

Second: Trustee Garofalo

Vote: Unanimous

**4. Public to Address the Board**

Landowner Todd Southam shared his concerns regarding districts paying dues to SRSC while the SRSC current financial reports reflect that they have \$12.1M. He also asked if districts need to keep paying dues when SRSC holds 5% of DPP funding. In addition, he asked if a district does not agree with or if additional litigation comes up, can a district opt out of that and let someone else pay for that? Chairman Herkert acknowledged Todd Southam's concerns and would like to take that concern to SRSC to ask what the future plans for dues are, given that there has been an influx of money from DPP funding.

Landowner Hayden Harter agreed with Todd Southam's concerns and would like the conversation to continue with SRSC.

## **5. Financial Report – Discussion and Possible Action**

### **A. Cash Report/Account Balances**

Office Manager Barbie Buchanan shared that the USBR DPP check was received and deposited into Tri Counties Bank. Office Manager Barbie Buchanan provided information regarding opening a money market account at Tri Counties Bank. In addition, the District needs to update bank signers, which includes removing Ed Hulbert and adding Nicole Garofalo. With those changes, the signers on the Tri-Counties accounts will be Chairman Hans Herkert, Vice Chairman Larry Borrelli, Trustee Leanne Mord, Trustee Gary Bailey, and Trustee Nicole Garofalo.

Chairman Herkert shared that the District needs to track the DPP funding and expenditures thoroughly. He asked if an internal sub-ledger is enough or if there should be a dedicated bank or a fiduciary advisor for the DPP funding. Vice-Chairman Borrelli stated that he feels it would be easier to track with 50.1% of the funding required to go to projects in one account and the remaining funds in a separate account. Trustee Garofalo suggested using classes in Quickbooks to track the DPP funding. After further discussion, the BOT will hold off on opening another account for now and would like a fiduciary agent to present at May's meeting to discuss options available for the District.

Motion to use 100% of the DPP funding to open a three-month CD at Edward Jones:

Trustee Bailey

Second: Trustee Garofalo

Vote: Unanimous

Motion to remove Ed Hulbert and add Nicole Garofalo as signers to both accounts at Tri-Counties Bank: Trustee Bailey

Second: Trustee Mord

Vote: Unanimous

### **B. Interim Disbursements**

Motion to approve interim disbursements totaling \$40,491.46 plus an additional \$250.00 for the director's fee for Trustee Garofalo from the February meeting: Trustee Mord

Second: Trustee Bailey

Vote: Unanimous

Trustee Garofalo requested a copy of the credit card statement to be included in the monthly board packets.

### **C. Accounts Payable**

Motion to approve vendor transactions as presented, totaling \$53,410.93: Trustee Bailey

Second: Trustee Mord

Vote: Unanimous

### **D. Accounts Receivable**

Office Manager Barbie Buchanan reported that the District only has one outstanding

invoice to report which is the remaining balance on the District's land lease and is due on April 1, 2025, for \$428,600.07.

**E. Profit/Loss Statement**

Discussion only, no action taken.

**F. Approval of Transfers**

Office Manager Barbie Buchanan requested the following transfer:

- Transfer \$12,500.00 from the general fund to County Fund 1 (498)
  - \$2,500.00 to Water Rights
  - \$10,000.00 to Princeton Pumping Plant

Motion to approve the transfer from Tri Counties to County Fund 1 as requested:

Trustee Mord

Second: Trustee Bailey

Vote: Unanimous

**6. New Business**

**A. Discussion and Possible Action Regarding Fee Study with Provost & Pritchard**

Danny Kerns, with Provost & Pritchard, met with the BOT to determine the options and best path to move forward with a District fee study to ensure that District fees are fair and equitable for all landowners in the District. Danny Kerns has experience with special district rate studies, and one of those studies is a rate structure evaluation. With RD1004, a rate structure evaluation would include determining the major expense categories and which revenues are recovering those categories of costs for the District. He suggests that the District start by looking at what expenses are covered within each of the three revenue sources: admin, stand-by, and water toll, and determine if there is an opportunity to consolidate the assessments. At that point, start looking at geography and determining the proportional benefit for each parcel. Danny Kerns stated that some of the board questions could be policy decisions that the board must make, vs. ensuring the District meets Prop 218 requirements for all landowners in the District. After this conversation with the BOT, he suggested the District start with a rate structure study.

Chairman Herkert asked Danny Kerns to provide a proposal that includes a few different options and alternatives that Provost & Pritchard could provide the District to determine whether the assessment and water toll fees are fair and equitable and cover proportional benefits for all the lands within the District.

**B. Discussion and Possible Action Regarding 2025 Landowner Meeting Date**

Chairman Herkert suggested April 16, 2025, for the Annual Landowner Meeting. All Trustees are in favor of that date at 10:00 a.m. The regular board meeting for April will be moved from April 9<sup>th</sup> to April 16<sup>th</sup> and will immediately follow the Landowner Meeting.

**C. Discussion and Possible Action Regarding Winter Water Refunds**

Office Manager Barbie Buchanan reported the total for winter water refunds was \$272,026.96. However, \$118,710.30 will be held at the water user's request for the 2025 water season, and the amount to be refunded to customers is \$153,316.66. The list of refunds is included in the board packet.

Motion to approve winter water refunds as presented for \$153,316.66: Trustee Bailey

Second: Vice-Chairman Borrelli

Vote: Unanimous

**D. Discussion and Possible Action Regarding Edward Jones Account Changes**

Office Manager Barbie Buchanan reported that the Edward Jones representative suggested adding Barbie Buchanan as administrator so that she can speak with Edward Jones representatives if there are issues, such as the recent website issues. In addition, Office Manager Barbie Buchanan asked for a motion to remove Ed Hulbert and add Hans Herkert to the Edward Jones account.

Motion to remove Ed Hulbert and add Hans Herkert to the Edward Jones account:

Trustee Mord

Second: Trustee Garofalo

Vote: Yes, 4: Chairman Herkert, Vice-Chairman Borrelli, Trustee Mord, Trustee Garofalo.

Trustee Bailey was absent from the vote but was present at the meeting.

Motion to approve adding Office Manager Barbie Buchanan as administrator to the Edward Jones account as recommended by the District's Edward Jones financial advisor:

Trustee Mord

Second: Vice-Chairman Borrelli

Vote: Unanimous

**E. Discussion and Possible Action Regarding the Use of DPP Funds to Subsidize the 2025 Water Toll**

Trustee Bailey has suggested using a portion of the DPP funding to reduce the current water toll of \$18.00 to \$15.00 a/f. Vice-Chairman Borrelli would like an alternative option that benefits properties outside of the service area. Trustee Garofalo suggested reducing the admin fee rather than the water toll in order to benefit everyone within the District. Trustee Bailey would like to see the water toll reduced this year and figure out a way to amortize the toll over the next three to five years in an effort to keep water toll costs down. Landowner Todd Southam shared that he is against spending any of the DPP funding at this time due to the pending lawsuits associated with the DPP funding. After additional discussion, the BOT has decided to table this topic until after item E under Old Business of this agenda.

**7. Chairman's Report**

Chairman Herkert stated that at the last SRSC meeting, it was reported that 90% of the total DPP funding has gone out to Contractors. SRSC also reported that a letter was sent to the Department of Government Efficiency (DOGE) on behalf of multiple water districts, including SRSC, stating that the group appreciates the efforts and goals of DOGE but also expressed concerns around the job cuts and funding associated with the

USBR and the importance of the USBR to agriculture in our area. There was no question in the letter; but rather an informative letter of both support and concern.

Trustee Bailey asked Chairman Herkert if the new administration could take the DPP funding back. Chairman Herkert shared that the SRSC legal updates stated that there is no risk of the DOGE taking the money back, but related to the three lawsuits, the SRSC legal team stated that while the risk may be there, it is minimal.

In addition, because the DPP has been fully executed, the Reinitiation of Consultation group within SRSC is now changing from focusing on DPP to Healthy Rivers and Landscapes (HRL). There has not been a lot of progress on HRL, so SRSC is looking for additional clarification from the State Water Resources Control Board to determine their interest in the HRL program.

Chairman Herkert shared that Bryce Lundberg retired as the NCWA Chairman, and the new chair is Roger Cornwell. NCWA has reported that the Groundwater Sustainability Plans within the Sacramento Valley have been approved and to expect increased focus on groundwater recharge.

Westlands Water District filed for dismissal of their lawsuit, however, the two other cases on the DPP remain in place.

Meeting paused for lunch at 12:00 p.m.

Meeting back in session at 12:25 p.m.

## **8. Manager's Report**

District Manager Terry Bressler reported that GCID asked that RD1004 sign a multi-district support letter for the assistance that the USBR provides our Districts. RD1004 agreed to sign the letter.

At February's meeting, District Manager Terry Bressler reported that the concrete ditch had slid in a spot. However, a few more bad spots have been uncovered, and the District is now obtaining estimates to complete the job.

San Luis & Delta-Mendota Water Authority (SLDMWA) has terminated the potential water sale for 2025 because the need is not there this year.

Avis Pumping Plant has been dug out and should be ready to go in time for rice, dependent on the storms.

White Mallard has a new company taking care of their groundwork this year, and District Manager Terry Bressler met with them to determine who takes care of what portions. White Mallard would like to talk with the RD1004 BOT at May's meeting about two issues. The first is the outfall at 5 Points, which they would like to redo, and the second is the road to the dam, which they would like redone.

District Manager Terry Bressler reported that a District tour will take place in the next two weeks for the BOT and any public attendees who would like to attend.

Emrgy sent us a new proposal to re-adjust the height of the hydro blades, install a deflector wall on one side, install floating solar panels between the two meters, and put a battery set in the

cement ditch. The expected power generation is about four times as much as we produce now. Vice-Chairman Borrelli asked for clarification on the early termination fee. District Manager Terry Bressler stated that if there is an issue with the equipment or the head loss is in excess of the expected head loss in our ditch, we can terminate the contract without the early termination fee. If all is working well and we choose to terminate the contract, the early termination fee would apply.

District Manager Terry Bressler said he would like to digitize the District's old meeting minutes. The cost could vary depending on the method used, one option is to use a high school student, and another is to look for a company that is able to do that. Trustee Bailey asked if District staff have found gaps in the meeting minutes because he was told that previously, the family of a District Manager years ago burned District records that had been stored at the manager's house. He feels it is a good idea to digitize our records to avoid future issues and make them searchable. District Manager Terry Bressler will continue researching options to digitize all District records.

District Manager Terry Bressler shared that he attended the last Colusa County Board of Supervisors meeting regarding the pipe under Gridley Hwy. He attended the Supervisor's meeting yesterday, and a County representative went out to look at the damage the pipe is causing to the road. The County's road department is scheduled to go out next week to unplug the pipe, and then the plan is that the District will pay for the pipe, and the County will provide the labor and installation.

Finally, District Manager Terry Bressler recommended spraying the ditches with a helicopter before planting begins. Trustee Bailey stated that he is opposed to aerial spraying because of the potential for overspray on neighboring trees around the ditches. If there is any type of drift with the chemicals, it could impact those trees and could cause potential problems for the District. Chairman Herkert stated that if the District is going to look into this, he would like to check into the nozzles that are made to spray bigger droplets and minimize drift. District Manager Terry Bressler stated that the District's insurance, ACWA JPIA, has an exclusion for aerial applications.

Landowner Hayden Harter asked for clarification on when Chairman Hulbert said he did a lot of behind-the-scenes work; what type of work was he referring to? Office Manager Barbie Buchanan shared that she felt Chairman Hulbert referred to the work with SRSC for the DPP agreement. District Manager Terry Bressler stated that he thought it was when there were checks or letters to be signed between the board meetings.

## **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**

District Manager Terry Bressler talked with the solar representative, who stated that a proposal would not be ready for about a year. This agenda item will be removed and put back on in the future when necessary.

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

District Manager Terry Bressler reported that he received an email from the wildlife biologist with Ducks Unlimited, and there is a contract in place to work on design and permitting for White Mallard Dam improvements and the cleaning of Butte Creek. A meeting will be scheduled to start working more on this.

**D. Discussion and Possible Action Regarding Comprehensive Tests for Wells and Lift Pumps**

Trustee Bailey suggested that the District find someone other than North State Pump to test Brooks Walker, as it could be a conflict of interest because they built the pumps. District Manager Terry Bressler will look into another company to test Brooks Walker pumps. Discussion only, no action taken.

**E. Discussion and Possible Action Regarding 2025 Standby and Admin Charges**

Chairman Herkert started the discussion by suggesting that the BOT use a portion of the DPP funding to offset a portion or all of the standby and admin charges to offer relief to the landowners in the District. Trustee Garofalo suggested reallocating the FY 22 USBR drought funding to offset the admin fees. Trustee Bailey stated that those funds were already allocated and would like the drought relief funding stay allocated to cover USBR water costs. If the District completely subsidized the standby and admin charges for the year, the District would have a shortfall of approximately \$415,000.00. Chairman Herkert asked for input from the BOT. He is looking for a long-term benefit from the DPP funds by leaving the majority of the principal intact and generating as much interest as possible, allowing the District to potentially subsidize a majority of the standby and admin charges, if not all.

Vice-Chairman Borrelli suggested eliminating the admin fee only if everyone receives the same benefit. Trustee Garofalo stated that she would like to leave the DPP funding intact to be equal across the entire District, and for the BOT to consider using reserves for this opportunity. Chairman Herkert recognized that this decision will take trust from Butte Creek Farms and Rancho Caleta, understanding that the topic will be revisited to ensure the decision is equitable for all lands in the District. Trustee Mord suggested reducing the standby and admin fees for this year, and supports revisiting the topic again in the future. Trustee Garofalo supports the reduction but would like to keep the DPP funding intact until the District receives the proposal from Provost & Pritchard to determine proportional benefits.

After further discussion regarding offsetting admin and standby, all trustees are in favor of moving forward with a District subsidy. Trustee Garofalo motioned to 100% subsidize the standby and admin for 2025 using reserve funding. There was a second by Trustee Mord, however, after additional discussion from Trustee Borrelli, the motion was revised.

New motion made to subsidize the standby by 50%, making it \$10.25 per acre, and fully subsidize the admin fee of \$2.00 per acre, and reduce the water toll from \$18.00 to \$15.00 per a/f using reserve funding to offset the costs and keeping DPP funding intact:

Trustee Garofalo

Second: Trustee Borrelli

Vote: Unanimous

Chairman Herkert asked the BOT for clarification as to why the motion was made to use reserve funding vs. DPP funding. Vice-Chairman Borelli stated that his reason is the pending lawsuits and determining how to disburse the DPP funding equitably. Trustee Mord stated that the District has a third party looking into the equitable distribution, but felt this decision needed to be made today before water users start paying assessments and the District has reserve funding available to cover the assessment subsidies.

Chairman Herkert confirmed that Office Manager Barbie Buchanan will send out the admin and standby invoices, with the subsidy credit reflected on the invoice.

**F. Discussion and Possible Action Regarding Pipe Across Gridley Hwy, North of Pump 8 and East of Butler Road**

Discussion only, no action taken.

Before going into closed session, Trustee Bailey asked if the District has completed the work with Laugenour and Meikle for the Avis blueprints. District Manager Terry Bressler confirmed that the blueprints for Avis are complete and work on the Avis pumping plant has been started.

**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**

**B. Discussion and Possible Action Regarding Litigation Updates**

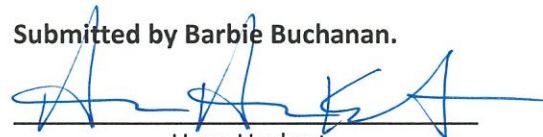
Closed session called at 2:08 p.m.

Open session called at 2:51 p.m.

Report out from closed session, discussion only, no action taken.

Meeting adjourned at 2:58 p.m.

**Submitted by Barbie Buchanan.**



Hans Herkert  
Chairman of the Board



Barbie Buchanan  
Secretary to the Board of Trustees