

Merquin County Water District

Minutes of the Regular Meeting

Of the Board of Directors

Wednesday, July 26, 2023

The Meeting of the Board of Directors of the Merquin County Water District called to order in regular session at 19684 Second Ave., Stevinson, California 6:00 p.m.

Present were, President Adam Azevedo, Vice President Freddy Oliviera, Director Danny Drumonde, Absent: Director Rick Jones, Director Phil Dores

Meeting Called to Order: 6:02 p.m.

Information Workshop regarding Potential Increased Water Standby Assessment.

Sean Pinkston of Quad/Knof Presented the Informational Workshop.

The Merquin County Water District currently has an annual assessment of \$9.00 per acre, this assessment is used for the operation and maintenance of the District Wells to provide additional flow during normal water years and provide 100% of the water during critical dry years. Pumping also reduces the water table allowing the growing of a wider range of crops.

Why are rate changes being considered:

- The increase in the annual assessment is being considered for additional funds to maintain the operation of the groundwater wells within the District.
- Increased costs of operation and general cost increase since the last rate study (2013).
- Rates must be increased to avoid a significant budget shortfall. The District has been losing money the last 2 fiscal years.
- The adjustment to the assessment charge per acre will be used for well replacement, Pump & Motor Replacement and Operation & Maintenance as defined in the Assessment Report out for Public review.

Annual Assessment

- The proposed annual Assessment increases the Assessment up to \$20.00 per acre per year (and \$11.00/acre increase).
- The Board can decide each year as to the amount to set the annual Assessment prior to August of each year for the following year tax roll produced by the County of Merced.
- The Current rate is \$9.00 per acre per year.

Rate Comparison:

- Chowchilla Water District - \$24.00, plus \$16/acre supplemental assessment
- Madera Irrigation District - \$18.40, plus \$32.53/acre for Bond Payoff Acceleration
- Merced Irrigation District - \$24.00
- Merquin County Water District - \$9.00

- **Prop 218**
- Proposition 218 focuses “on exactions, whether they are called taxes, fees, or charges, which are directly associated with property ownership.”
- Proposition 218 provides no new authority to impose taxes, assessments, or fees. (Cal. Const. art. XIII D, § 1.) Under Proposition 218, the only taxes, assessments, fees, or charges that local government may impose on a parcel or a person “as an incident of property ownership” are ad valorem property taxes, special taxes, and assessments approved in the provisions of its article XIII D, section 4, and fees or charges for a property-related service consistent with its article XIII D, section 6. (Cal. Const. art. XIII D, § 3.)
- Proposition 218 added articles XIII C (“Voter Approval for Local Levies”)10 and XIII D (“Assessment and Property Related Fee Reform”)11 to the California Constitution

**Addition to Agenda Item Closed Session
Conference with Legal Counsel
Government code Section 54956.9(d)(4)-Anticipated Litigation**

MOTION APPROVING MINUTES of July 11, 2023

Moved by Director Danny Drumonde, seconded by Vice President Freddy Oliviera approving minutes of July 11, 2023.

Motion Carried Unanimously

MOTION APPROVING LIST OF WARRANTS

Moved by Director Danny Drumonde, seconded by Director Freddy Oliviera approving the list of warrants \$27,933.92.

Motion Carried Unanimously

MOTION APPROVING CHECKING ACCOUNT EXPENDITURES

Moved by Director Freddy Oliviera, seconded by Director Danny Drumonde approving checking account expenditures.
Check 1180 To Merced County Environmental Health in the amount of \$323.00 for well site 10R project.

Motion Carried Unanimously

MOTION APPROVING FINANCIAL REPORT JUNE 2023

Moved by Director Danny Drumonde, seconded by Director Freddy Oliviera approving Financial Report for June 2023.

Motion Carried Unanimously

**MOTION APPROVING AMENDMENT 2022/2023 EMPLOYMENT CONTRACT FOR
JIMMY RAYO'S VACATION HOURS.**

Moved by Director Freddy Oliviera, seconded by Director Danny Drumonde approving Amendment 2022/2023 Employment Contract for Jimmy Rayo's vacation hours.

Motion Carried Unanimously

Correspondence

None

Civil Engineer Eric Swenson:

- 1. Discussion/Action:** District office painting and exterior repair. The current exterior building condition has deteriorated to the point where some sheeting is fairly porous, and some openings are large enough to allow rodent intrusion. Continued weathering without protective coating will result in potential moisture and rodent intrusion.

The District Engineer recommends:

- a. Cleaning of the exterior building surface.
- b. Repair/replacement of damaged siding.
- c. Patching, caulking, and sanding of exterior surfaces.
- d. Apply one coat of primer and two topcoats of paint.
- e. Apply non-slip weather resistant coating to access ramp at front of building.

Section 1720 of the California Labor Code appears to apply to this work which requires paying of prevailing wages. One contractor quotation (Crown Painting) to complete this work has been obtained to date for \$24,000. The work should be completed prior to the Fall rains.

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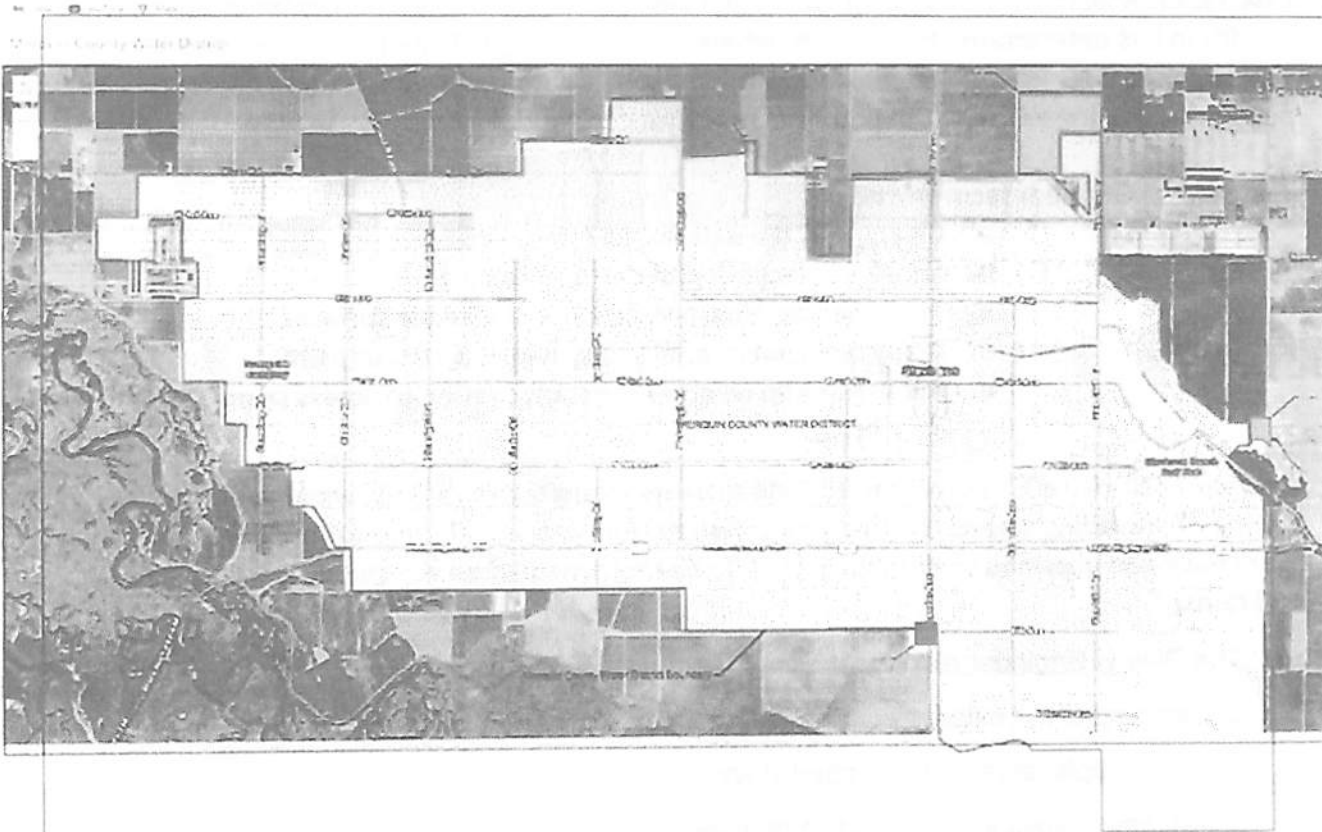
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The Board generally concurred that the office building needs repair and painting before the winter of 2023/2024. The Board requested the Engineer get a second quote to stay in line with MCWD rules.

2. Discussion/Action: Certify District Boundary Map. The County GIS (graphical information systems) office has requested that we certify an electronic District boundary map. Staff is proposing the following modifications to the map submitted by the County:

Certify District Boundary Map

Areas in blue indicate areas to be added and areas in black indicate areas to be removed.



Motion to accept the District Boundary Map

Moved by Director Freddy Olivier, second by Director Danny Drumonde to accept the District Boundary map.

Motion Carried Unanimously

3. Discussion/Action: Develop MCWD 2023/2024 Budget. Merced County has requested that a budget be submitted by the end of August 2023. During this period 2 new wells with pumps and electrical services are planned to be installed, some pipelining work is

proposed, and the District Engineer will be replaced. Also, the potential to form a JPA with SWD is under discussion. These changes all need to be reflected in this budget. The budget assumes that the Standby Assessment Rate is increased to \$12/Acre and that the price of District water during the normal irrigation season increases to \$50/AF through a 218 process currently underway.

| Object Type | Budget Category | Object | Description | FY 21/22 | FY 22/23 | FY 23/24 * | FY 23/24 | |
|-----------------------|------------------------------|--------------------------------------|--------------------------------|----------|----------|------------|----------|---------|
| | | | | Actual | Actual | Requested | Approved | |
| Revenue | Taxes | 91010 | Property-Taxes-Current Secured | 129,632 | 138,518 | 168,400 | 0 | |
| | | 91011 | Property Taxes-Prior Secured | 14 | 0 | 0 | 0 | |
| | | 91020 | Property-Taxes-Current Unsec | 9,323 | 10,082 | 10,082 | 0 | |
| | | 91030 | Prop Taxes-Delinquent Secured | 0 | 33 | 33 | 0 | |
| | | 91040 | Property-Taxes-Prior Unsecured | 260 | 271 | 271 | 0 | |
| | | 91090 | Prop Taxes-Timber Yield/Other | 0 | 0 | 0 | 0 | |
| | | 91097 | Prop Tax-SB813 Supplemental | 4,699 | 3,617 | 3,617 | 0 | |
| | | Taxes - Total | | | | 143,927 | 152,522 | 182,404 |
| | Use of Money and Property | 94200 | Interest | 3,630 | 10,577 | 0 | 0 | |
| | | Use of Money and Property - Total | | | | 3,630 | 10,577 | 0 |
| | Aid From Other Govt Agencies | 95460 | State Homeowners Prop Tax Rel | 1,102 | 1,080 | 1,080 | 0 | |
| | | Aid From Other Govt Agencies - Total | | | | 1,102 | 1,080 | 1,080 |
| | Charges for Current Services | 96641 | Special Assessments | 143,282 | 0 | 150,000 | 0 | |
| | | Charges for Current Services - Total | | | | 143,282 | 0 | 150,000 |
| | Other Revenue | 97970 | Other Sales | 21,419 | 158 | 0 | 0 | |
| | | 97971 | Other Sales-Water | 586,207 | 581,832 | 1,000,000 | 0 | |
| | | 97990 | Other Revenue | 32,650 | 129,068 | 129,068 | 0 | |
| 97991 | | Other Revenue-State Dated Warr | 117 | 4,554 | 4,554 | 0 | | |
| Other Revenue - Total | | | | 640,392 | 715,611 | 1,133,620 | 0 | |
| Revenue - Total | | | | 932,334 | 879,798 | 1,467,105 | 0 | |

| | | | | | | | | | |
|-----------------------------|------------------------------|-----------------------------|--------------------------------|----------------|---------|-----------|---------|---------|---|
| ure | Salaries & Benefits | 10110 | Salaries And Wages-Perm Emp | 154,880 | 125,469 | 235,774 | 0 | | |
| | | 10111 | Overtime | 31,052 | 31,329 | 32,895 | 0 | | |
| | | 10150 | Salaries And Wages-Extra Help | 29,460 | 68,615 | 0 | 0 | | |
| | | 10210 | Retirement | 21,600 | 1,100 | 22,680 | 0 | | |
| | | 10220 | Fica | 13,354 | 13,976 | 16,833 | 0 | | |
| | | 10230 | Medicare Tax | 3,123 | 3,269 | 3,937 | 0 | | |
| | | 10300 | Employee Group Insurance | 24,676 | 29,709 | 32,829 | 0 | | |
| | | 10350 | Unemployment Insurance | 681 | 778 | 937 | 0 | | |
| | | 10360 | Workers Compensation Insurance | 10,152 | 14,762 | 17,780 | 0 | | |
| | | Salaries & Benefits - Total | | | | 288,978 | 289,007 | 363,665 | 0 |
| | | Services & Supplies | 20600 | Communications | 3,640 | 4,487 | 5,000 | 0 | |
| 21000 | Insurance-Other | | 9,292 | 0 | 9,000 | 0 | | | |
| 21200 | Maintenance-Equipment | | 9,373 | 9,189 | 40,729 | 0 | | | |
| 21300 | Maint-Structure, Improv & Gr | | 155,991 | 71,952 | 99,000 | 0 | | | |
| 83290 | Well/Pump Installation (2) | | | | 300,000 | | | | |
| 83291 | Pipeline Installation | | | | 50,000 | | | | |
| 21700 | Office Expense-General | | 15,870 | 11,431 | 12,000 | 0 | | | |
| 21800 | Professional & Special Svcs | | 52,517 | 93,861 | 80,000 | 0 | | | |
| 22309 | Spec Dept Exp-Beard Fees | | 5,050 | 4,150 | 5,000 | 0 | | | |
| 22325 | Spec Dept Exp-Water | | 195,062 | 193,608 | 174,010 | 0 | | | |
| 22500 | Transportation & Travel | | 22,543 | 19,042 | 28,000 | 0 | | | |
| 22600 | Utilities | 288,734 | 217,385 | 300,700 | 0 | | | | |
| Services & Supplies - Total | | | | 758,072 | 625,105 | 1,103,439 | 0 | | |
| Total | | | | 1,047,050 | 914,112 | 1,467,105 | 0 | | |

| Comparison of Water Costs 2023 | | | |
|--------------------------------|-------------|--------------------|-----------|
| Agency | Standby Fee | Cost for 3 AF/acre | Total/AC |
| MCWD | \$ 9.00 | \$ 97.50 | \$ 106.50 |
| Merced ID | \$ 24.00 | \$ 150.00 | \$ 174.00 |
| Chowchilla ID | \$ 24.00 | \$ 225.00 | \$ 249.00 |
| Madera ID | \$ 18.40 | \$ 217.50 | \$ 235.90 |
| Modesto ID | | \$ 62.00 | \$ 62.00 |
| Turlock ID | | \$ 67.00 | \$ 67.00 |

Motion approving 2023/2024 Budget

Moved by Director Danny Drumonde, seconded by Director Freddy Oliviera accepting proposed 2023/2024 budget numbers as presented by Staff and authorizing transmittal of this budget to Merced County.

Motion Carried Unanimously

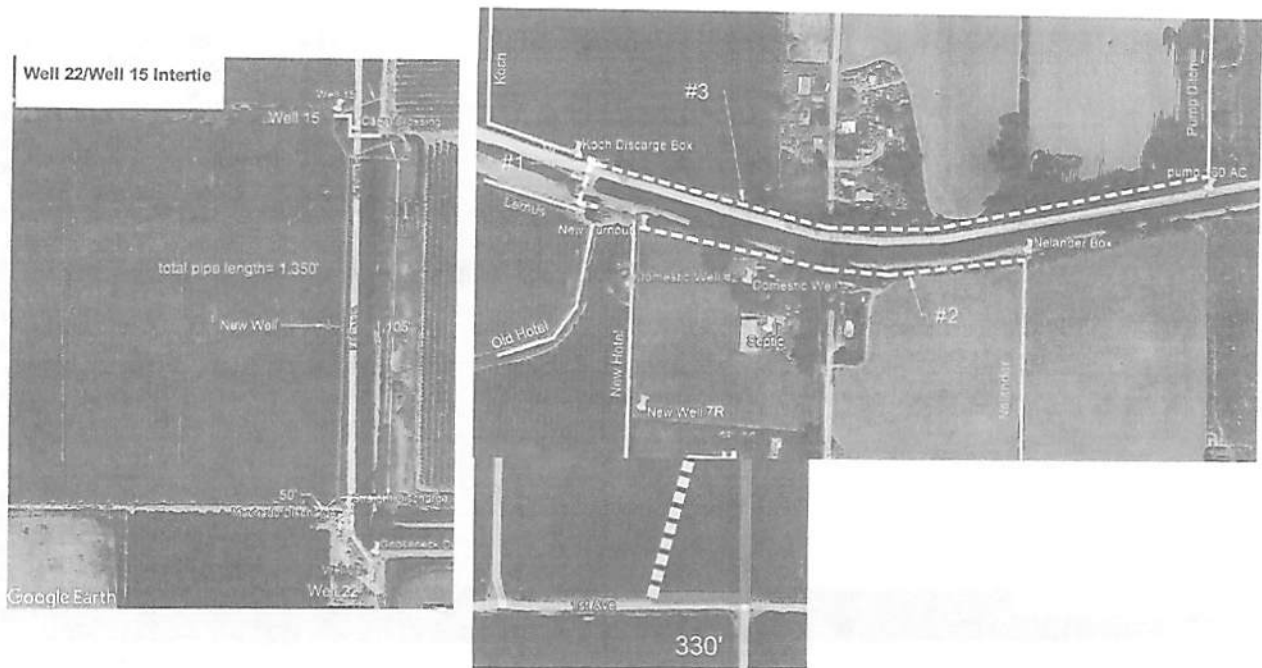
4. Discussion/Action: DRAFT 2024-2027 MCWD Budget. In order to proceed with the 218 process for an increased water rate, budgets for the next 4 years need to be developed. The 2023/2024 budget has already been presented. The following budget encompasses the following 3 years. Staff-related costs are assumed to increase by 5% per year with the exception of a new technician being added in 2025. The new technician is to support maintenance when burning of Ag waste will no longer be permitted by the Air Board. This budget is presented with a \$2/year/acre increase in the Standby Assessment. Price for in-season irrigation water is assumed to be \$50/AF. Unknowns for this future projection include the inflation rate and in particular the increased rate of electrical utility costs.

| Object Type | Budget Category | Object | Description | FY 23/24 | FY 24/25 | FY 25/26 | FY 26/27 | | |
|-----------------------|--------------------------------------|-----------------------------------|--------------------------------|-------------------------------|-----------|-----------|-----------|-----------|--|
| | | | | Requested | Proposed | Proposed | Proposed | | |
| Revenue | Taxes | 91010 | Property-Taxes-Current Secured | 168,400 | 188,360 | 208,320 | 228,280 | | |
| | | 91011 | Property Taxes-Prior Secured | 0 | 0 | 0 | 0 | | |
| | | 91020 | Property-Taxes-Current Unsec | 10,082 | 10,082 | 10,082 | 10,082 | | |
| | | 91030 | Prop Taxes-Delinquent Secured | 33 | 0 | 0 | 0 | | |
| | | 91040 | Property-Taxes-Prior Unsecured | 271 | 0 | 0 | 0 | | |
| | | 91090 | Prop Taxes-Timber Yield/Other | 0 | 0 | 0 | 0 | | |
| | | 91097 | Prop Tax-SB813 Supplemental | 3,617 | 3,617 | 3,617 | 3,617 | | |
| | | Taxes - Total | | | 182,403 | 202,059 | 222,019 | 241,979 | |
| | | | Use of Money and Property | 94200 | Interest | 0 | 0 | | |
| | | Use of Money and Property - Total | | | 0 | 0 | | | |
| | | Aid From Other Govt Agencies | 95460 | State Homeowners Prop Tax Ref | 1,080 | 1,080 | 1,080 | 1,080 | |
| | Aid From Other Govt Agencies - Total | | | 1,080 | 1,080 | 1,080 | 1,080 | | |
| | | Charges for Current Services | 98541 | Special Assessments | 150,000 | 0 | 0 | 0 | |
| | Charges for Current Services - Total | | | 150,000 | 0 | | | | |
| | | Other Revenue | 97970 | Other Sales | 0 | 0 | | | |
| | | | 97971 | Other Sales-Water | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | |
| | | | 97990 | Other Revenue | 129,068 | 129,068 | 129,068 | 129,068 | |
| | | 97991 | Other Revenue-State Dated Warr | 4,554 | 4,554 | 4,554 | 4,554 | | |
| Other Revenue - Total | | | 1,133,620 | 1,133,620 | 1,133,620 | 1,133,620 | | | |
| Revenue - Total | | | 1,467,105 | 1,336,759 | 1,355,639 | 1,375,599 | | | |

| | | | | | | | | |
|-----------------------------|-------------------------|-----------------------------|--------------------------------|------------------------------|-----------|-----------|---------|---------|
| Expenditure | Salaries & Benefits | 10110 | Salaries And Wages-Perm Emp | 235,774 | 247,563 | 319,941 | 335,938 | |
| | | 10111 | Overtime | 32,895 | 34,540 | 36,267 | 38,090 | |
| | | 10150 | Salaries And Wages-Extra Help | 0 | 0 | 0 | 0 | |
| | | 10210 | Retirement | 22,680 | 23,814 | 30,756 | 32,294 | |
| | | 10220 | Fica | 16,833 | 17,675 | 22,827 | 23,968 | |
| | | 10230 | Medicare Tax | 3,937 | 4,134 | 5,339 | 5,606 | |
| | | 10300 | Employee Group Insurance | 32,829 | 34,470 | 44,518 | 46,744 | |
| | | 10350 | Unemployment Insurance | 937 | 984 | 1,271 | 1,334 | |
| | | 10360 | Workers Compensation Insurance | 17,780 | 18,689 | 24,112 | 25,317 | |
| | | Salaries & Benefits - Total | | | 363,665 | 381,849 | 400,941 | 420,988 |
| | | Services & Supplies | 20600 | Communications | 5,000 | 5,000 | 5,000 | 5,000 |
| | | | 21000 | Insurance-Other | 9,000 | 9,450 | 9,923 | 10,419 |
| | | | 21200 | Maintenance-Equipment | 40,729 | 41,000 | 30,000 | 30,000 |
| | | | 21300 | Maint-Structure, Improv & Gr | 99,000 | 75,000 | 75,000 | 53,000 |
| | | | 63290 | Well/Pump Installation (2) | 300,000 | 150,000 | 150,000 | 150,000 |
| | | | 83291 | Pipeline Installation | 50,000 | 25,000 | 0 | 0 |
| | | | 21700 | Office Expense-General | 12,000 | 12,600 | 13,230 | 13,892 |
| | | | 21800 | Professional & Special Svcs | 80,000 | 75,000 | 55,000 | 55,000 |
| | | | 22309 | Spec Dept Exp-Board Fees | 5,000 | 5,250 | 5,513 | 5,788 |
| 22325 | Spec Dept Exp-Water | | 174,010 | 191,411 | 210,553 | 231,608 | | |
| 22500 | Transportation & Travel | | 28,000 | 20,000 | 20,000 | 20,000 | | |
| 22800 | Utilities | 300,700 | 345,199 | 380,481 | 379,905 | | | |
| Services & Supplies - Total | | | 1,103,439 | 954,910 | 954,698 | 954,641 | | |
| Expenditure - Total | | | 1,467,105 | 1,336,759 | 1,355,639 | 1,375,599 | | |

Potential Open Ditch Pipelining

| Lateral | Footage Open Ditch | Acres Irrigated | FT/Acre |
|------------------------------|--------------------|-----------------|---------|
| Hotel-Green | 12,516 | 232.25 | 53.9 |
| Kotch | 2,816 | 177.5 | 15.9 |
| Hotel-McDonald | 645 | 19 | 33.9 |
| Gooseneck | 7,116 | 157.95 | 45.1 |
| Hotel-140 | 1,996 | 39 | 51.2 |
| Lemos | 3,100 | 330.74 | 9.4 |
| Hotel-4 th Avenue | 4,320 | 89.26 | 48.4 |
| Hotel-McGuire | 180 | 4.7 | 38.3 |
| Highline 2 | 2,300 | 177.14 | 13.0 |
| Highline | 4,423 | 29 | 152.5 |



District Engineer requested to pick projects to budget to include the next 4 years of Capital work.

Board directed the District Engineer to prioritize the Well 15 and Well 22 interconnect pipeline for execution in fiscal year 2023/2024 and the pipeline crossing the Eastside Canal near the former Well 7 site for fiscal year 2024/2025.

MATTERS FOR THE GOOD OF THE DISTRICT

Travis Faria asked what the JPA is for? It was explained MCWD is in talks with SWD to join together to create our own GSA.

Mrs. Koch stated there is debris coming down the water ditch, it is too thick to go through the sweet potatoes' drip lines. Causing the lines to be replaced more frequently.

Jesus Izazaga has property on Hwy 140, he would like to receive irrigation water. The Board stated he has to pay to get the water to his property. The Board stated if he wants to start an improvement district that would be a great idea. He will have to contact the surrounding landowners for their participation.

OFFICE

Working on County Audit for Merced County.

Maintenance

Jimmy presented the Board with SWD report of water delivered to MCWD for the month of July.

Pump #15 went down and will need to be pulled to check it.

Green ditch boards broke due to a user leaving the boards in.
Valve at the end of the Straight broken
Well site #7 start July 27, 2023
Second Ave pipeline has leaks.
Fourth Ave pipeline has leaks.

**MOTION TO ADJOURN TO CLOSED SESSION PURUANT TO
Conference with Legal Counsel
Government code Section 54956.9**

Moved by Director Danny Drumonde, seconded by Director Freddy Oliviera to adjourn to closed session.

Motion Carried Unanimously

MOTION TO RETURN TO OPEN SESSION

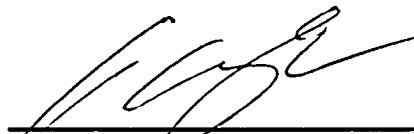
Moved by Director Freddy Oliviera, seconded by Director Danny Drumonde to return to open session.

Motion Carried Unanimously

MOTION TO ADJOURN

Moved by Director Freddy Oliviera, seconded by Director Danny Drumonde to Adjourn.

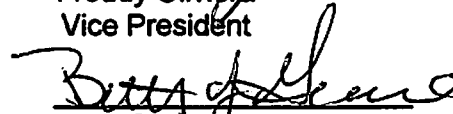
Motion Carried Unanimously



Adam Azevedo
President



Freddy Oliviera
Vice President



Betty Guest
Secretary