

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
November 09, 2021, at 9:00 A.M.**

A regular meeting of the Board of Directors was held in accordance with Resolution 787-21 proclaiming a local emergency and authorizing remote teleconference Board meetings through November 11, 2021, pursuant to Assembly Bill 361, and to make the meetings accessible to the public electronically. Those present at the meeting were:

Directors Present: John Bennett, President
Michael Linneman, Vice-President
Mike Stearns, Secretary
Ross Koda, Director
Steve Fausone, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager
Juan Cadena, Water Resources Manager
John Paul Otollo, Treasurer & Controller
Lorena Chagoya, Ethics & Compliance Officer

Others Present: Philip Williams, General Counsel
Palmer McCoy, Grassland Basin Authority
Beau Correia, KB Family Farms

ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3

Pursuant to the Brown Act, President Bennett announced that Directors do not receive compensation or a stipend for simultaneous or serial order meetings of Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and/or the Panoche Resource Conservation District.

CALL TO ORDER

President Bennett called the regular meeting to order at 9:02 a.m.

REVIEW OF AGENDA

General Manager Azhderian reported the Board meeting packet had been revised since original distribution to include the Accounts Payable and Budget-to-Actual reports for the correct time period.

ROLL CALL

A quorum of the Board and presence of the District's Officers were confirmed.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts reported.

PUBLIC COMMENT

Mr. Correia requested the Board consider tabling all decisions until after the election, when a new Board is seated in December.

DIVISION REPORTS

- A. Water Resources Manager Juan Cadena reported the Water District's August deliveries were about 1,080 acre-feet and that current deliveries were about 35 cubic-feet per second. He said crews were replacing a control gate at turnout 10W and installing safety railings and catwalks at Station 1 and Laterals 1, 2, and 3. In the Drainage District, he said crews were cleaning the Davidson and Bennett drains and repairing washouts in the Charleston drain. Lastly, Cadena reported the region had received about .18 inches of rainfall but drainage flows into the San Joaquin River Improvement Project remain low and no discharge event is anticipated.

- B. Controller JP Otollo reported staff were preparing the October water usage billing and responding to ongoing requests for supplemental water. He said the Water District audit was in its final stages and the results would be presented to the Board at a special meeting on November 23rd. For the Drainage District, Otto reported cash flow had improved significantly following issuance of the second Drainage Service Fee billing and that staff were preparing for the next financial audit.

- C. Ethics & Compliance Officer Lorena Chagoya reported on various risk management and Human Resources activities. She said there had been no property, liability, or worker's compensation insurance claims, nor COVID-19 cases, in the last month. Chagoya said there had been no complaints reported on the SpeakUp Hotline and two internal matters were addressed. Lastly, Chagoya updated the Board on past and future planned training events.

JOINT CLOSED SESSION

General Counsel Williams announced that the Panoche Water and Drainage Districts Boards would meet jointly in closed session for a conference with legal counsel on anticipated litigation pursuant to Government Code Section 54956.9, Subdivision (d), Paragraphs (2), or (3).

At approximately 9:13 a.m., President Bennett called the joint closed session to order.

At approximately 9:57 a.m., President Bennett adjourned the joint closed session.

JOINT CLOSED SESSION REPORT

General Counsel Williams reported the Boards met jointly with legal counsel in closed session and took no reportable action.

At approximately 9:57 a.m., President Bennett suspended the Drainage District meeting and continued the Water District-ONLY meeting.

PANOCHÉ WATER DISTRICT-ONLY CLOSED SESSION

General Counsel Williams announced that the Panoche Water District Board would meet in closed session for a conference with legal counsel on anticipated litigation pursuant to Subdivision (a), Paragraphs (1), (2), or (3) of Subdivision (d) of Government Code Section 54956.9.

At approximately 9:58 a.m., President Bennett called the closed session to order.

At approximately 10:31 a.m., President Bennett adjourned the closed session.

PANOCHÉ WATER DISTRICT-ONLY CLOSED SESSION REPORT

General Counsel Williams reported the Board met with legal counsel in closed session and took no reportable action.

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar, which included the draft minutes from the January 26, 2021, special meeting of the Board, and the February 9, 2021, regular meeting of the Board; the monthly financial statements for the period ending October 31, 2021; and the Director’s Monthly Credit Card Usage Report. After consideration, on a motion by Director Linneman, seconded by Director Stearns, the Board accepted the Consent Calendar as presented.

The vote on the matter was as follows:

- Ayes: Bennett, Linneman, Stearns, Koda, Fausone
- Nays: None
- Abstain: None
- Absent: None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION IN RECOGNITION AND PROFOUND APPRECIATION OF THE DISTINGUISHED SERVICE OF SUZANNE “SUE” REDFERN-WEST

General Manager Azhderian presented the Board the draft Resolution. He explained that in addition to recognizing Sue’s contributions through the recitals, the Resolution proposed to contribute \$2,500 to a cause of Sue’s choosing as a token of the Board’s appreciation. General Counsel Williams explained the contribution needed to be made to a cause that was in line with the District’s mission. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board adopted the Resolution as presented and directed the General Manager to work with Sue to identify an aligned cause.

The vote on the matter was as follows:

- Ayes: Bennett, Linneman, Stearns, Koda, Fausone
- Nays: None
- Abstain: None
- Absent: None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION DETERMINING THAT DURING THE PROCLAIMED STATE OF EMERGENCY DUE TO THE COVID-19 PANDEMIC, MEETING IN PERSON WOULD PRESENT IMMEDIATE RISK TO THE HEALTH OR SAFETY OF ATTENDEES

General Manager Azhderian explained the proposed resolution was identical to the one adopted by the Board at the last meeting except that it extended the proclaimed state of emergency and ability for the Board and public to meet virtually until December 12, 2021. After consideration, on a motion by Director Stearns, seconded by Director Fausone, the Board unanimously adopted the resolution as presented.

The vote on the matter was as follows:

- Ayes: Bennett, Linneman, Stearns, Koda, Fausone
- Nays: None
- Abstain: None
- Absent: None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION ADOPTING CERTAIN FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND AUTHORIZING EXECUTION OF AN AGREEMENT WITH THE UNITED STATES BUREAU OF RECLAMATION FOR THE EXCHANGE OF WATER

General Manager Azhderian presented the Board the draft Resolution and said it was the culmination of months of discussions with the United States Bureau of Reclamation and the Grassland Water District to implement a groundwater exchange project consistent with the Central Valley Project Improvement Act Section 3406(d). He said the project would deliver water directly into the Grassland Water District and that under the proposed Agreement, for every two acre-feet of water delivered to Grassland, Reclamation would make one acre-foot of Central Valley Project water available to the District in San Luis Reservoir. Azhderian explained two of the project wells were in the San Joaquin River Improvement Project and that water from those wells would be shared with the members of the Grassland Basin Authority, and that the other two wells were privately owned by a grower with lands in the District. He noted that the price of the water and the costs to operate the project still needed to be determined. General Counsel Williams reviewed compliance with the California Environmental Quality Act with the Board. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously adopted the resolution as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda, Fausone
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AN ORAL RECOMMENDATION REGARDING PROPOSED CHANGES TO GENERAL MANAGER SALARY, AND DISCUSSION AND POSSIBLE APPROVAL OF CHANGES TO GENERAL MANAGER SALARY

Consideration of potential changes to the General Manager's salary was tabled and no action was taken on the matter.

THE BOARD TO REVIEW AND CONSIDER DESIGNATING A VOTING REPRESENTATIVE AND ALTERNATE TO CAST THE DISTRICT'S VOTE FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES PRESIDENT AND VICE-PRESIDENT

General Manager Azhderian reported the Association of California Water Agencies was holding an election for President and Vice-President on December 1st and that the Board needed to designate a voting delegate and alternate for the District to attend the ACWA General Session Membership Meeting and cast the District's votes. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously designated General Manager Azhderian as the voting delegate and President Bennett as the alternate.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda, Fausone
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE TREASURER'S QUARTERLY INVESTMENT REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2021

Treasurer Otollo presented the Board with the Quarterly Investment Report. He stated the majority of District funds were invested in the State of California Local Agency Investment Fund and the remaining balance was deposited in Federal Deposit Insurance Corporation insured accounts at Mechanics Bank. Otollo reported the District's financial portfolio was in compliance with the District's Statement of Investment Policy and that he expected the District to be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and reimbursements from other agencies. After consideration, on a motion by Director Fausone, seconded by Director Linneman, the Board accepted the Treasurer's Report as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda, Fausone
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AMENDING THE DISTRICT'S FYE-2022 BUDGET AND OPERATIONS & MAINTENANCE RATE

General Manager Azhderian reported this matter had been originally presented at the last meeting and that after discussion, the Board tabled it for further consideration at this meeting. He reminded the Board that the primary driver of the request to consider amending the O&M rate was the less than forecasted level of deliveries due to the drought and that the two options available were to increase the O&M rate by \$35 per acre-foot and retroactively bill for deliveries that had already occurred during the fiscal-year or absorb the deficit from reserves. After further consideration, the Board requested staff work with Director Fausone to further evaluate the budget forecast and alternatives. The matter was then tabled and no further action was taken.

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

Controller Otollo presented the Board with the District's accounts payable. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board approved payment of the bills.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda
Nays:	None
Abstain:	None
Absent:	Fausone

CONTROLLER'S REPORT

Controller Otollo reviewed the District's Budget-to-Actual report with the Board.

REPORTS UNDER DISTRICT POLICIES

No reports were given.

GENERAL MANAGER'S REPORT

Azhderian updated the Board on water deliveries, supplies, and forecasts. He then introduced Jeremiah Seng with the School Project for Utility Rate Reduction (SPURR) joint powers authority to discuss the Renewable Energy Aggregated Procurement (REAP) Program. Azhderian explained the District had been examining various approaches to funding a solar project to help reduce operating costs and that

previous direction from the Board was for staff to prepare and issue a Request for Proposals. He said that in researching solar project RFPs, including one developed by the Association of California Water Agencies, he discovered the REAP Program and that SPURR had already done what the District was proposing to do and concluded it would be more efficient, less costly, and less risky to participate in the REAP Program than to produce a District specific RFP. Seng explained that SPURR was formed in 1989 and has since helped over 300 public agencies develop thousands of solar facilities. He said the focus of the REAP Program was to streamline the solar buying process, aggregate purchasing power and expertise to drive down solar project pricing, and improve contract terms and conditions for its public agencies. He said from SPURR's competitive RFP process, ForeFront Power was chosen due to their solar expertise, competitive pricing, pre-negotiated contracts, and standardized terms. Seng responded to questions from the Board. Azhderian said that he would work with SPURR and ForeFront to begin developing a project proposal for future Board consideration.

REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)

No reports were given.

FUTURE MEETING DATES

Special meeting dates were set for November 16th and 23rd. The next regular meeting of the Board was scheduled for December 14, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 11:59 a.m.



John Bennett, President



Mike Stearns, Secretary