

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
December 13, 2022, at 9:00 A.M.**

A regular meeting of the Board of Directors was held in accordance with Resolution 826-22 proclaiming a local emergency due to the COVID-19 pandemic and authorizing the District's legislative body to hold meetings by web and teleconference, and to make meetings accessible to the public electronically, pursuant to Assembly Bill 361. Those present at the meeting were:

Directors Present: Aaron Barcellos, Vice-President
Steve Fausone, Secretary
Beau Correia, Director
Wayne Western, Director
Neill Callis, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager
Juan Cadena, Water Resources Manager
Lorena Chagoya, Ethics & Compliance Officer

Others Present: Philip Williams, General Counsel
Palmer McCoy, Grassland Basin Authority
Will Gleason, West Hills Farm Services

ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3

Pursuant to the Brown Act, Vice-President Barcellos 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

Vice-President Barcellos called the regular meeting to order at 9:34 a.m.

REVIEW OF AGENDA

There were no changes to the Agenda.

ROLL CALL

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

POTENTIAL CONFLICTS OF INTEREST

No conflicts were reported.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager Juan Cadena reported November water deliveries of only 260 acre-feet and that current deliveries were averaging only 6 cubic-feet per second. He said maintenance staff had cleaned the Althea Drain and set gates at two sites on the San Luis Drain in preparation for anticipate winter storms.
- B. General Manager Azhderian reported that staff had finalized the audit of the Water District's FYE 2022 financial statements and were in the process of completing the annual State Controller's financial reports. Work was continuing on the FYE 2023 budget he said, and staff were preparing to process the November ag water and M&I billings and the monthly reporting of water usage and payments to the San Luis & Delta-Mendota Water Authority and Reclamation. For the Drainage District, staff had completed year-end closing of books and reconciled the balance sheet accounts in preparation for Price Paige to start the audit of the FYE 2022 financial statements.
- C. Ethics & Compliance Officer Lorena Chagoya reported on risk management activities for the months of September, October, and November. She informed the Board that there were no worker's compensation claims nor reports on the SpeakUp Hotline. However, there was one COVID-19 case at the end of November, which has been addressed and the employee has returned to work. She also reported on a meeting with the ACWA-JPIA safety advisor to review progress on the District's liability, property, worker's compensation and safety programs. Chagoya stated the advisor indicated that based on the two-year analysis, the District is reporting less work-related injuries and claims, which will result in lower dues and rates in the next enrollment cycle in July 2023. She also reported that the District had received recognition at the recent AWCA Conference for our efforts to keep our loss ratio low. Lastly, Chagoya reminded the Board of upcoming, mandated trainings and the Form 700 reporting of Statement of Economic Interests.

THE BOARD TO REVIEW AND CONSIDER OFFICER'S APPOINTMENTS FOLLOWING THE RETIREMENT OF DIRECTOR JOHN BENNETT

General Manager Azhderian presented a memorandum listing the District's current officers and requested the Board consider appointments to fill the vacancy of President left in the wake of Director Bennett's retirement. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board unanimously elected Aaron Barcellos President, Beau Correia Vice-President, Steve Fausone Secretary, and Marlene Brazil Treasurer.

The vote on the matter was as follows:

Ayes:	Barcellos, Fausone, Correia, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

PANOCHÉ WATER & DRAINAGE DISTRICTS' 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 9:52 a.m., President Barcellos called the joint closed session to order.

At approximately 10:53 a.m., President Barcellos 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.

CLOSED SESSION

General Counsel Williams announced there was no need for a Panoche Water District only closed session.

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar items, which included a Resolution extending remote teleconference meetings through January 12, 2023, due to the COVID pandemic; draft minutes from the November 8, 2022, regular meeting of the Board, draft minutes from the November 16, 2022, special meeting of the Board, draft minutes from the November 22, 2022; the monthly financial statements for the period ending November 30, 2022, and the Director’s Monthly Credit Card Usage Report. After consideration, on a motion by Director Fausone, seconded by Director Western, the Board accepted the Consent Calendar as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION DESIGNATING DISTRICT REPRESENTATIVE TO SERVE ON THE GRASSLAND BASIN AUTHORITY BOARD OF DIRECTORS

General Manager Azhderian presented the draft Resolution and requested the Board consider appointment to fill the vacancy on Grassland Basin Authority Board left in the wake of Director Bennett’s retirement. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board unanimously adopted the Resolution and elected Wayne Western as the District’s representative.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION DESIGNATING AUTHORIZED SIGNATORIES TO THE DISTRICT’S MECHANICS BANK ACCOUNTS

General Manager Azhderian presented the draft Resolution and explained the purpose was to remove former Director Bennett and add new Director Callis to the District’s Mechanics Bank list of authorized signatories. After consideration, on a motion by Director Fausone, seconded by Director Correia, the Board unanimously adopted the Resolution as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None

Absent: None

THE BOARD TO REVIEW AND CONSIDER CLAIM PRESENTED BY JOANN JOHNSON

General Manager Azhderian presented a claim by Joann Johnson and explained that upon receipt, the District researched the public records and determined the locations of the alleged damage lie almost six miles outside the District’s northeastern boundary and that the District had not, and at no time had ever been involved, in any way, in any of the incidents described in the claim. General Counsel Williams explained the next steps to respond to the claim and recommended, given the facts, that the Board take action to reject it. After consideration, on a motion by Director Callis, seconded by Director Fausone, the Board unanimously accepted the recommendation, rejected the claim, and directed staff to take the next appropriate steps.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER ISSUING AN INVITATION FOR BIDS TO PURCHASE A NEW, ONE-TON PICKUP TRUCK

General Manager Azhderian requested the Board authorize the purchase of a new, one-ton pickup. He explained the District had been replacing its aged fleet of large trucks with smaller, less expensive, more fuel efficient, mid-sized trucks but that the need had come for a full-sized truck to pull the District’s aquatic herbicide trailers. He explained the truck currently being used for the purpose has 263,156 miles and that ongoing maintenance had become unsustainable. The Board asked if the District had a written vehicle replacement plan to which Azhderian responded no. He explained over the past several years, the District had whittled down its fleet from approximately 60 vehicles to about a dozen and that replacement of at least one a year had become the practice based upon need at the time. The Board requested staff develop a vehicle replacement plan. After consideration, on a motion by Director Correia, seconded by Director Western, the Board approved the request to purchase the new truck.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING DISTRICT PARTICIPATION IN ASSOCIATIONS AND OTHER FORUMS SUPPORTING AGRICULTURAL WATER AND RELATED OUTREACH AND EDUCATION EFFORTS

General Manager Azhderian presented the Board a list of organizations which the District had been supporting over the past several years. He explained the practice had become for the Board to review the list each year to determine which, if any, it would support, by how much, and said there was no requirement to do so other than whatever support may be given had to be for organizations with purposes consistent with the District’s. After consideration, on a motion by Director Callis, seconded by Director Fausone, the Board elected to support the California Farm Water Coalition, the Central Valley Project Water Association, the Family Farm Alliance, the Public Policy Institute of California, and the Water Education Foundation in the amounts presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO CONSIDER PRESENTING CHRISTMAS BONUSES TO ALL DISTRICT EMPLOYEES

General Manager Azhderian requested the Board consider presenting employees with a Christmas bonus. He explained that over the past few years, the Board had been awarding a \$300 bonus but recommended, given the economic circumstances of the District and inflationary pressures in general, the Board award \$500 this year in consideration of the good work and loyalty of the District's employees. The Board asked if the District should develop a bonus policy and if future bonuses should be tied to merit. Azhderian said he would research how other District's approach the matter and report back. After consideration, on a motion by Director Callis, seconded by Director Fausone, the Board accepted the recommendation to award a \$500 bonus to all employees.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

General Manager Azhderian presented the Board with the District's accounts payable. The Board asked staff to check on the change in health insurance cost from one month to the other, questioned if Tirehub LLC was an online or brick-and-mortar store, and requested staff develop a proposal for the purchase of computers for the Directors use on District affairs. After consideration, on a motion by Director Fausone, seconded by Director Callis, the Board approved payment of the bills as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

FINANCIAL REPORTS

General Manager Azhderian presented the Board the Budget-to-Actual report, noting that overall revenues were trending slightly above budget and overall expenses were trending slightly below. Azhderian also presented two potential rate modification scenarios illustrating the effect of shifting the allocation and recovery of certain costs from the water rate to a land-based fee. One scenario focused on the tasks aimed at protecting the District's water supply contracts, such as litigation, and maintaining its infrastructure, which are necessary and ongoing whether or not there is an allocation of Central Valley Project water. The second scenario added to the first the necessary and ongoing costs of the District's administrative activities that must also occur irrespective of water supply, such as financial audits and regulatory compliance. The Board discussed the alternatives and questioned how a new land-based fee

might be billed and when it should be implemented but made no decision. Further discussion will occur through the District's fiscal-year ending 2024 budgeting process with a decision expected in February.

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

The Board discussed the potential benefits of developing a strategic plan and requested staff look to set a date in late January for a workshop to discuss the District's strategic priorities and resultant activities.

REPORTS UNDER DISTRICT POLICIES

No report was given.

GENERAL MANAGER'S REPORT

General Manager Azhderian reviewed the District's Water Accounting Report for July, the CVP Operations Update and water supply forecasts prepared by Westlands Water District, and the District's water quality monitoring reports. He noted the sudden increase in losses following the departure of the District's former canal operator in August. He explained the utter unwillingness of the prior operator to provide any training or information to incoming District staff had adversely contributed to the situation. Since, he said, staff have been working hard to identify all of the grower's delivery points, many of which can be far away from the District's facilities and even in the middle of sections or orchards. Azhderian said the situation had been evolving for decades as growers constructed high-efficiency irrigation systems and the District allowed those to become the points of delivery for billing purposes, sometimes abandoning the meter and control structures at the District's point of diversion. He said that as new locations are identified, the meter is read, the deliveries are reconciled and billed, and that control is being restored at several District diversion points. He noted the drop in losses in October after one such discovery. Azhderian also said that changes in the volume of recycled drainage water, which is highly demand driven, will contribute to changes in the gains or losses and that this too is likely contributing to the sudden change. The Board requested staff develop a metering policy and standards and explore potential grant funding to help facilitate implementation of them.

FUTURE MEETING DATES

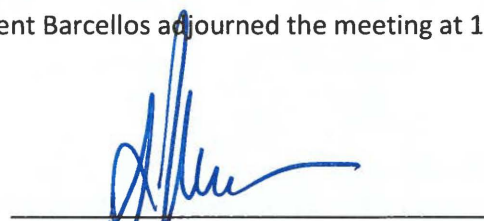
The next regular meeting of the Board was scheduled for January 10, 2022, at 9:30 a.m.

ADJOURNMENT

With no further business on the agenda, President Barcellos adjourned the meeting at 1:20 p.m.



Aaron Barcellos, President



Steve Falsone, Secretary