

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
April 12, 2022, at 9:30 A.M.**

A regular meeting of the Board of Directors was held in accordance with District Resolution 805-22 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: John Bennett, President
 Aaron Barcellos, Vice-President
 Mike Stearns, Secretary
 Steve Fausone, Director
 Beau Correia, 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

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 9:50 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

Director Fausone reported he would recused himself from consideration of Agenda Item 13.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager, Juan Cadena reported on water deliveries and maintenance activities. He said March's deliveries totaled 968 acre-feet and that average deliveries were running approximately 50 cubic-feet per second. He said the maintenance crew had repaired a leak at San Luis Canal turnout 97.50L and were spraying weeds on both the Main and T-Canal. They had also repaired a pipeline leak feeding the District's DMC well blending project and leveled dredge spoils in Charleston Drainage District.

- B. General Manager Azhderian reported the financial accounting staff were working on the fiscal-year end close out and that the water accounting staff were calculating potential water supply volumes to process the District's first supplemental pool allocations and invoices.

- C. Ethics & Compliance Officer, Lorena Chagoya reported on risk management activities for the month. She informed the Board there were no worker's compensation claims or positive COVID-19 cases, nor any reports on the District's SpeakUp Hotline. She said there was one vehicle incident and five internal reports made, four of which had been resolve and one was pending follow-up with an employee. She reported the District was shifting its primary care services to a new vendor as the previous vendor was no longer performing Department of Transportation mandated drug and alcohol screenings. Lastly, Chagoya summarized completed trainings, including the 2-hour Ethics & Compliance – Code of Conduct Training for new board members, employee job specific trainings, and other trainings scheduled for April.

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 10:10 a.m., President Bennett called the joint closed session to order.

At approximately 11:23 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.

PANOCHÉ WATER DISTRICT ONLY CLOSED SESSION

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

THE BOARD TO REVIEW AND CONSIDER APPROVING A HARDSHIP REQUEST FROM REDFERN RANCHES TO TRANSFER 120 ACRE-FEET TO WESTLANDS WATER DISTRICT

Director Fausone recused himself from the meeting. General Manager Azhderian presented Redfern's hardship request to the Board. He explained that Redfern was suffering a problem with timing as its anticipated transfer from the Central California Irrigation District to Westlands was still in the Reclamation approval process and, in the meantime, they were at risk of exhausting their short supply in Westlands. Azhderian explained that in addition to the transfer of CCID water to Westlands, Panoche was expecting nearly 800 acre-feet from CCID to Redfern therefore, even if the transfer were approved, Redfern would remain a net importer of water to the District. He also stated Redfern would be charged

the District’s O&M rate to avoid any redirected financial impact to other District growers. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board unanimously approved the hardship transfer request.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Correia
Nays: None
Abstain: None
Absent: Fausone

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar items, which included draft meeting minutes from the May 25, 2021, special meeting of the Board, the June 2, 2021, special meeting of the Board, the March 8, 2022, regular meeting of the Board, the March 29, 2022, special meeting of the Board, the monthly financial statements for the period ending March 31, 2022, and the Director’s Monthly Credit Card Usage Report. As Directors Bennett and Linneman were present at the May 25 and June 2, 2021, meetings, they reviewed and approved those minutes. After consideration, on a motion by Director Stearns, seconded by Director Bennett, the Board unanimously accepted the Consent Calendar as presented.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER APPOINTMENT OF DISTRICT OFFICERS TO SERVE DURING THE FISCAL-YEAR BEGINNING MARCH 1, 2022, THROUGH FEBRUARY 28, 2023

General Manager Azhderian presented the Board the current roster of District Officers. He recommended that in the absence of a District Controller, the Accounting Supervisor, Marlene Brazil, be name Treasurer. President Bennett announced that 2022 would be his last year serving on the Board and that he would not be seeking re-election this coming November. The Board expressed its appreciation for his service and, after discussion, on a motion by Director Correia, seconded by Director Fausone, unanimously voted to maintain Mr. Bennett as President, Mr. Barcellos as Vice-President, Mr. Stearns as Secretary, and appoint Ms. Brazil as Treasurer.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF AN AGREEMENT WITH ASHLY AND LINDSAY SYLVIA LIMITED PARTNERSHIPS TO ADDRESS ACCOUNT DELINQUENCY

General Manager Azhderian explained the Board had agreed to waive the District’s Delinquency Delivery Hold in 2021 to allow the Sylvia family to transfer water from its property to other growers in the District while the District worked to resolve its dispute with Dresick Farms, the Sylvia’s former tenant, over

delinquent charges. He said that while the work to resolve matters with Dresick continued, the Sylvia family had since leased their land to a new tenant therefore, Azhderian recommended the Board revise the waiver agreement to reflect the changed circumstance and allow the waiver to continue. General Counsel Williams recommended adding a tolling provision the agreement as well. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board unanimously authorized execution of the waiver agreement as amended.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AMENDING THE DISTRICT'S GROUNDWATER CONVEYANCE POLICY

General Manager Azhderian presented the Board the District's Groundwater Conveyance Policy. He noted the policy required at least annual review and that after all of the discussion that occurred in 2021 about achieving a suitable balance between the need for water supply versus the need for water quality, he was not recommending any changes to the current policy. The Board questioned whether growers utilizing the District's systems to convey groundwater should pay a higher O&M rate and whether those transferring surface water supplies into the District should pay a lower O&M rate to reflect changes in water quality. Azhderian questioned how to value water quality impact but that staff would bring a tiered O&M rate proposal back to the Board for future discussion. After consideration, on a motion by Director Barcellos, seconded by Director Stearns, the Board unanimously voted to maintain the policy as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AMENDING THE DISTRICT'S CVP TRANSFER POLICY

General Manager Azhderian presented the Board the District's CVP Transfer Policy. He noted the policy required at least annual review and that given the grave water supply situation, he was not recommending any changes to the current policy. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board unanimously voted to maintain the policy as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A LETTER OF AGREEMENT WITH THE U.S. BUREAU OF RECLAMATION TO REVIEW A DISTRICT REQUEST TO CONVEY WATER FROM THE EAST SIDE CANAL & IRRIGATION COMPANY

General Manager Azhderian reported he had initial discussions with the East Side Canal Company, Patterson Irrigation District, and Reclamation to explore potential alternative routes to convey East Side

transfer water to the District while the San Luis Canal Company continued to work toward a conveyance agreement with third-party private landowners to reestablish the historical conveyance route. He said executing a Letter of Agreement would be necessary in order to engage Reclamation in the contract and environmental review process and that even if the historical route was reestablished, having an approved alternative would have lasting value. After consideration, on a motion by Director Barcellos, seconded by Director Stearns, the Board unanimously authorized execution of the Letter of Agreement.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING NEGOTIATION OF A COOPERATIVE AGREEMENT WITH CONTRA COSTA WATER DISTRICT FOR A PILOT PROJECT TO EXCHANGE CENTRAL VALLEY PROJECT WATER

General Manager Azhderian explained that while looking for alternative storage for water in late 2021 to protect supply Reclamation had at that time considered ineligible for rescheduling, he and Contra Costa Water District began contemplating a pilot project to exchange CVP water, in part to begin understanding how operations may work after the expansion of Los Vaqueros is completed. He explained that while the District would not likely have any water to contribute to the pilot in 2022, the project development and approval process could be lengthy and so he was looking for authority to negotiate an agreement with Contra Costa and to expend funds in support of the approval process. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board unanimously authorized negotiation of a Cooperative Agreement and related actions.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING ISSUANCE OF A REQUEST FOR PROPOSALS FOR FINANCIAL AUDITING SERVICES

General Manager Azhderian presented the Board a draft Request for Proposal to solicit proposals from auditing firms to perform financial audits for the District for three fiscal-years. He noted the current auditor had performed eight fiscal-year audits of the District over the last five years and that the timing was good to solicit fresh proposals. After consideration, on a motion by Director Correia, seconded by Director Fausone, the Board unanimously authorized issuance of the Request for Proposal as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING ISSUANCE OF AN INVITATION FOR BIDS FOR THE PURCHASE OF A BACKHOE

General Manager Azhderian requested the Board authorize an invitation for bids to purchase a new backhoe. He explained the backhoe was one of the most used pieces of equipment in the fleet and that currently the District owned three, two of which were in mediocre condition and one of which was inoperable. He said that initial discussions with various vendors suggested that the procurement lag time could range from nine months to over a year and that a suitable machine could approach \$250,000. Lastly, Azhderian recommended the District purchase the machine, in part from proceeds resulting from the sale of the old machines, rather than finance because current borrowing costs could range from 3 to 7% while the District's cash reserves were only earning approximately .25%. After consideration, on a motion by Director Stearns, seconded by Director Barcellos, the Board unanimously authorized issuance of the Invitation for Bids.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION REVISING THE DISTRICT'S AUTHORIZED BANK SIGNEES

General Manager Azhderian requested the Board consider adopting a resolution to update names and positions authorized to make transactions on the District's Mechanics Bank accounts. After consideration, on a motion by Director Barcellos, seconded by Director Stearns, the Board unanimously adopted the resolution as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
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. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board unanimously approved payment of the bills.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

FINANCIAL REPORTS

General Manager Azhderian presented the Board the Budget-to-Actual report.

REPORTS UNDER DISTRICT POLICIES

General Manager Azhderian updated the Board on the District’s COVID-19 management efforts. He also reported on staff participation in other Brown Act meetings including the San Luis & Delta-Mendota Water Authority, Central Delta-Mendota Subbasin Groundwater Sustainability Agency, and the Grassland Basin Authority.

GENERAL MANAGER’S REPORT

General Manager Azhderian presented the Board the District’s Water Accounting Report for March, a Project Operations Report and water supply forecasts prepared by Westlands Water District, and the District’s monthly water quality monitoring report. He also reviewed the conceptual replacement report for the District’s surface water treatment plant, which was currently estimated to cost about \$3 million. He said staff would be reviewing the report with State Water Resources Control Board staff for their input. Lastly, Azhderian presented the San Luis & Delta-Mendota Water Authority’s B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement. He explained the purpose of the agreement and requested the Board set a special meeting date on April 26th for consideration of its execution as the Authority’s deadline for participation was prior to the Board’s next regular meeting.

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

No reports were given.

FUTURE MEETING DATES

A special meeting of the Board was scheduled for April 26, 2022 at 9:30 a.m. The next regular meeting of the Board was scheduled for May 10, 2022, at 9:00 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 1:06 p.m.



John Bennett, President



Mike Stearns, Secretary