

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
February 14, 2023, at 9:30 A.M.**

A regular meeting of the Board of Directors was held pursuant to Assembly Bill 361 authorizing the District's legislative body to hold meetings by web and teleconference, and to make meetings accessible to the public electronically. Those present at the meeting were:

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

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager
 Juan Cadena, Water Resources Manager

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, 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

President Barcellos called the regular meeting to order at 9:30 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 January water deliveries of only 15 acre-feet and that current deliveries were averaging only 5 cubic-feet per second. He reported on flood

management activities resulting for the recent storms and said maintenance staff had installed 5 new canal gates, pulled pump #2 from station TC-2, and cleaned 1.5 miles of the Contour Canal.

- B. General Manager Azhderian reported that accounting staff had completed the calendar year-end tax reports and were continuing the FYE 2023 budget preparation. He said the Watermaster was assisting growers with new CVP contract year forms and processing the January ag and M&I water 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 was assisting Price Paige with the audit of the FYE 2022 financial statements.

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 9:33 a.m., President Barcellos called the joint closed session to order.

At approximately 9:49 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 no reportable action was taken.

CLOSED SESSION

General Counsel Williams announced that the Board would meet in closed session for a conference with legal counsel on anticipated litigation pursuant to Government Code Section 54956.9, Subdivision (d), Paragraphs (1), (2), or (3); a conference with labor negotiators pursuant to Government Code Section 54957.6; and a conference with real property negotiators.

At approximately 9:50 a.m., President Barcellos called the closed session to order.

At approximately 10:58 a.m., President Barcellos adjourned the closed session.

CLOSED SESSION REPORT

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

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar, which included draft minutes from the January 17, 2023, adjourned regular meeting and the January 31, 2023, special meeting of the Board; the monthly financial statements for the period ending January 31, 2023; the Treasurer's Quarterly Investment Report for the period ending December 31, 2022; and the Director's Monthly Credit Card Usage Report. After consideration, on a motion by Director Callis, 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 ADOPTING A RESOLUTION AUTHORIZING RENEWAL OF A WARREN ACT CONTRACT WITH THE BUREAU OF RECLAMATION FOR THE DELTA-MENDOTA CANAL GROUNDWATER PUMP-IN PROGRAM AND MAKING CERTAIN FINDINGS OF EXEMPTION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

General Manager Azhderian presented the draft Resolution and explained that Reclamation was allowing districts to enter into a one-year Warren Act Contract for the Delta-Mendota Canal pump-in program. He said in addition to authorizing execution of a new Contract, the Resolution authorizes execution of the attendant Letter Agreement, which provides for the District’s reimbursement to Reclamation for the costs it incurs related to the Contract. General Counsel Williams reviewed the California Environmental Quality Act exemption findings. After consideration, on a motion by Director Western, seconded by Director Callis, the Board found that execution of the Contract was exempt from CEQA and 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 AUTHORIZING EXECUTION OF A SPECIAL PROJECT AGREEMENT WITH THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY FOR THE DISTRICT’S PROPORTIONATE SHARE OF ADMINISTRATIVE COSTS ASSOCIATED WITH IMPLEMENTATION OF A DEPARTMENT OF WATER RESOURCES SUSTAINABLE GROUNDWATER MANAGEMENT ACT GRANT (NO. 4600014644)

General Manager Azhderian presented a memorandum and the proposed Agreement. He explained the District is a participant in a number of SGMA activities in the Delta-Mendota Subbasin and that much of the work is performed by the SLDMWA and/or other participants. Participants in the Delta-Mendota Subbasin were awarded a SGMA Implementation Grant by the Department of Water Resources, he said, and the grant is being administered by the Del Puerto Water District. The purpose of the proposed agreement is to allocate and recover grant administration costs proportionate to the grant award for each participant. Azhderian noted the District is not receiving funds from this grant, so its allocated administrative costs are nominal. After consideration, on a motion by Director Callis, seconded by Director Western, the Board authorized execution of the Agreement.

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 EXECUTION OF A LAND LEASE WITH PANOCHÉ DRAINAGE DISTRICT

General Manager Azhderian explained the District had been working with its solar provider, ForeFront Power, and various landowners for almost a year trying to establish a location for its 2nd one megawatt solar project. He explained a location near Reclamation’s Demonstration Treatment Plant was preferred because Pacific Gas & Electric’s existing infrastructure at that location was robust and that

would minimize interconnection costs and delays. He said the original plan to demonstrate contiguousness of property from the preferred location to the District’s T-Canal was to enter into leases with landowners along the Koda and Russell lifts; however, one landowner was concerned about the lease arrangement and requested the District pursue a title transfer instead. Azhderian noted in the long-run, that would be the best approach; however, with the end of the Net Energy Metering 2 tariff being only about 60 days away, there was not enough time to pursue the more permanent solution. So, as an expedient alternative, Azhderian said the District is proposing to lease lands in the San Joaquin River Improvement Project owned by the Panoche Drainage District and Firebaugh Canal Water District that connect from the preferred location to the Main Canal to satisfy the contiguous property requirement. The proposal was first brought to the Drainage District Board on January 17th at which time they directed staff to work with the Grassland Basin Authority to address concerns with the proposed lease. District staff met with the GBA Board on January 24th at which time the GBA Board directed its General Manager, Palmer McCoy, to work with the District to resolve any concerns. Azhderian reported the lease presented today is the result of that effort and GBA General Manager McCoy concurred. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board authorized execution of the Lease.

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 AMENDING THE DISTRICT’S GROUNDWATER CONVEYANCE POLICY

General Manager Azhderian presented the District’s Groundwater Conveyance Policy in response to the Board’s previous request to review its water quality standards and consider the potential to restrict groundwater conveyance in light of the District potentially receiving adequate surface water supply from the Central Valley Project in the 2023-24 contract water year. After consideration, the Board elected to maintain the Policy as is. No further action was taken on the item.

THE BOARD TO REVIEW AND CONSIDER ADOPTING A 2023-24 FISCAL-YEAR BUDGET AND OPERATIONS & MAINTENANCE RATES

General Manager Azhderian presented the third-draft budget for the 2023-24 fiscal-year. He reviewed the proposed costs and the potential modification of the method to recover necessary Operations & Maintenance costs from a water based only rate to a mixed approach of both water and land-based rates. The Board considered eliminating its health insurance benefit and replacing it with a monthly stipend to help cover meeting attendance costs. They also considered storage planning and labor costs. With respect to the potential change in cost recovery, staff updated the Board on the potential Proposition 218 implications. Staff received direction from the Board and the matter was table for further consideration at the next meeting. No further action was taken on the item.

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 Western, seconded by Director Correia, 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

No reports were given.

REPORTS UNDER DISTRICT POLICIES

No report was given.

GENERAL MANAGER'S REPORT

No report was given.

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

No reports were given.

FUTURE MEETING DATES

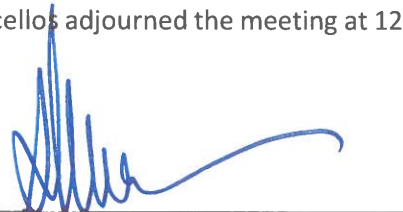
A special meeting of the Board was scheduled for 9:30 a.m. on March 1, 2023. The next regular meeting of the Board was scheduled for 9:30 a.m. on March 14, 2023.

ADJOURNMENT

With no further business on the agenda, President Barcellos adjourned the meeting at 12:00 p.m.



Aaron Barcellos, President



Steve Fausone, Secretary

