

PANOCHÉ WATER DISTRICT MEETING MINUTES
ADJOURNED REGULAR MEETING OF THE BOARD OF DIRECTORS
June 22, 2022, at 9:30 A.M.

An adjourned 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: John Bennett, President
 Aaron Barcellos, Vice-President
 Steve Fausone, Director
 Beau Correia, Director

Directors Absent: Mike Stearns, Secretary

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 9:30 a.m.

REVIEW OF AGENDA

There were no changes to the Agenda.

ROLL CALL

A quorum of the Board was confirmed. In the absence of Secretary Stearns, General Manager Azhderian was named Acting Secretary.

POTENTIAL CONFLICTS OF INTEREST

No conflicts were reported.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager Juan Cadena reported on water deliveries and maintenance activities. Of note, he said that deliveries for the month of May were about 1,200 acre-feet, or 25%, less than last year. Cadena also reported on various repair activities, weed control treatments, and cleaning of dredge spoils.

- B. General Manager Azhderian reported the water department was focused on closely monitoring water usage daily to avoid overdrafts and communicating frequently with growers about usage and water supply issues. Of note, he reported the 2020-21 financial audit of the Drainage District had begun and that staff were working to prepare for the Water District's audit expected to start in August.
- C. Ethics & Compliance Officer Lorena Chagoya reported on various risk management activities for the month. She said there had been no worker's compensation or liability insurance claims, nor COVID-19 cases, during the month; however, the District did file one property damage claim to clean up an oil spill from an old piece of equipment that had been parked for years, but the claim was denied by the carrier as they concluded it was caused by faulty maintenance. There were no incidents reported on the Speak-Up Hotline, she said, but there were two internal reports, both of which had been resolved. She also spoke of efforts to reduce training costs by exploring alternatives such as web-based training and expanding in-house training capabilities. Lastly, Chagoya reported on the upcoming annual Ethics & Compliance and spill prevention trainings.

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 10:02 a.m., President Bennett called the joint closed session to order.

At approximately 12:03 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.

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 requested the Board adopt a Resolution to continue to provide for virtual participation in Board meeting due to the ongoing COVID-19 pandemic. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board adopted the Resolution as presented.

The vote on the matter was as follows:

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

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar items, which included draft meeting minutes from the May 10, 2022, regular meeting of the Board, the May 24, 2022, special meeting of the Board; the monthly financial statements for the period ending May 31, 2022; and

the Director’s Monthly Credit Card Usage Report. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board accepted the Consent Calendar as presented.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER ALLOCATION OF PROPOSED SAN LUIS CANAL COMPANY LAND FOLLOWING WATER PURCHASE AGREEMENT

General Manager Azhderian reported to the Board that the District had received a Request for Proposals from San Luis Canal Company for bids on a 3-year land following water transfer. He said that under the District’s current practice, supplemental water purchased under a multi-year agreement would be made available on a subscription basis to only those wishing to purchase it. He said this practice was implemented by the Board in 2017 to shield growers unwilling or unable to purchase supplemental water from an unwanted allocation of it by the District. Azhderian asked the Board if it wanted to continue with the current practice or return to the former approach whereby the District would purchase the water and allocate it to all growers. He noted that the former practice became controversial in 2017 because lower cost water was abundant, and that the District was still contending with some unresolved disputes about it. The Board discussed the alternatives and, on a motion by Director Barcellos, seconded by Director Correia, agreed that the District would purchase the water and allocate it to all growers that wanted to buy it. The Board also requested staff explore mechanisms to manage the potential financial risk of growers not wanting to purchase the supplemental water in years when lower cost supplies were abundant.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING A GRANT FUNDING OPPORTUNITY WITH THE BUREAU OF RECLAMATION’S SMALL STORAGE PROGRAM

General Manager Azhderian reported the Bureau of Reclamation had recently established a new grant program to fund small storage projects. He said there was a funding opportunity to implement projects, but any application would require a project feasibility study, and a funding opportunity for planning projects. Azhderian explained that the District may have a potential groundwater recharge project in the Little Panoche Creek, east of the San Luis Canal. He said that Hydrologist Ken Schmidt had taken a look at well drillers logs from the area near Little Panoche Creek and preliminary indications are favorable. Azhderian asked the Board whether it would want to invest directly in the feasibility study, which allow the District to submit a funding application in October 2022, or if it preferred the District pursue funding for planning to cover the feasibility study costs. After discussing the alternatives, the Board asked staff to send a letter to well owners in the District to determine if they were willing to fund the feasibility study. If support was strong, the District would move ahead with the feasibility study directly and, if support was weak, then the District would pursue the funding opportunity for planning. No further action was taken on the item.

THE BOARD TO REVIEW AND CONSIDER REQUEST FROM THE GRASSLAND BASIN AUTHORITY TO TRANSFER TITLE OF CERTAIN EQUIPMENT

General Manager Azhderian presented the Board a request from the Grassland Basin Authority to transfer ownership of certain equipment currently owned by the District but used by the GBA for the operation and maintenance of the San Joaquin River Improvement Project. He explained that for equipment that was grant funded, the District would need to follow the respective grant agreement and Uniform Grants Guidance requirements. As for equipment owned by the District, Azhderian explained that the District's Disposal of Surplus Property Policy provides current guidance on the handling of equipment deemed surplus and, absent modification of the policy, provides that the District make surplus equipment available for sale after notice to the District's growers. He said the District's practice was to utilize a web site that provides for competitive bidding. Azhderian noted that response to the request would take some level of administrative effort and suggested the costs be billed to the GBA given their request for the work. After discussion, the Board asked staff to track the District's administrative costs for future consideration of billing the GBA and to establish values for the District owned pieces of equipment to inform the sale process. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board authorized the requested transfer of ownership.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION CALLING FOR A GENERAL ELECTION ON NOVEMBER 8, 2022, OF REPRESENTATIVES TO SERVE ON THE BOARD OF DIRECTORS

General Manager Azhderian requested the Board adopt a Resolution to call for a general election of directors, consistent with the District's election plan adopted in May 2020. General Counsel Williams reviewed specific provisions of the Resolution with the Board. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board adopted the Resolution as presented.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER AMENDING THE 2021-22 FISCAL-YEAR BUDGET

General Manager Azhderian requested the Board amend the prior fiscal-year budget to better align forecasted revenues and expenses with actuals. He explained it was the advice of the District's consulting accountant that the realignment occur after the District had gone through its prior fiscal-year closing process, which concluded in May. After consideration, on a motion by Director Correia, seconded by Director Fausone, the Board amended the 2021-22 budget as presented.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER EXECUTING A LETTER UPDATING AND RESCINDING AUTHORITY FOR CERTAIN INDIVIDUALS TO MAKE CHANGES TO THE DISTRICT'S 2021 BOND SPECIAL ASSESSMENTS ON THE FRESNO COUNTY'S TAX ROLL

General Manager Azhderian reported that Fresno County required the Board take action to change the names of those authorized by the District to make changes to its Special Assessments on the County's Tax Roll. He said the Authorization Letter rescinded former Controller J.P. Otollo's authority and established Accounting Supervisor Marlene Brazil as his replacement. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board authorized execution of the Authorization Letter.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING TEMPORARY WAIVER OF VACATION ACCRUAL CAP

General Manager Azhderian requested the Board temporarily waive vacation accrual for certain employees working extended schedules due to the drought. He explained that the Board had approved waivers previously to contend with similar staffing shortages and that the District was making efforts to cross-train employees to help cover the those effected and relieve the extended schedules to the extent it could. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board authorized the temporary waiver.

The vote on the matter was as follows:

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

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 Barcellos, seconded by Director Fausone, the Board approved payment of the bills.

The vote on the matter was as follows:

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

FINANCIAL REPORTS

General Manager Azhderian presented the Board the Budget-to-Actual report. He also presented a memorandum offering background and perspectives on the tiered Operations & Maintenance rate proposal and a comparative analysis demonstrating the potential cost difference and alternative solutions for funding the proposal if implemented. General Counsel Williams recommended potential Proposition

218 implications be considered. After discussion, the Board requested staff to review the Proposition 218 implications for further discussion at the next meeting.

REPORTS UNDER DISTRICT POLICIES

No report was given.

GENERAL MANAGER'S REPORT

General Manager Azhderian reported on his conversation with Dr. Charles Burt of the Irrigation Training & Research Center at Cal Poly San Luis Obispo regarding their potential involvement in the District's infrastructure modernization assessment. He said that Dr. Burt indicated willingness to perform the work but that the ITRC is currently booked into early next year. Azhderian asked the Board if it wanted to wait until the ITRC was available to perform the work or engage an engineering firm that could begin the assessment sooner. The Board expressed its preference to begin the work.

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

No reports were given.

FUTURE MEETING DATES

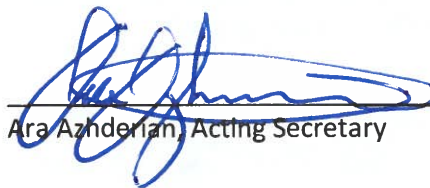
The next regular meeting of the Board was scheduled for July 12, 2022, at 9:30 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 1:39 p.m.



John Bennett, President



Ara Azhderian, Acting Secretary