

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
December 14, 2021, at 9:00 A.M.**

A regular meeting of the Board of Directors was held in accordance with Resolution 793-21 proclaiming a local emergency and authorizing remote teleconference Board meetings through December 23, 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
 Mike Stearns, Secretary
 Steve Fausone, Director
 Aaron Barcellos, Director
 Beau Correia, Director

Directors Absent: None

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

Others Present: Philip Williams, General Counsel
 Diane Rathmann, Of 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 9:03 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

There were no conflicts reported.

PUBLIC COMMENT

General Manager Azhderian welcomed new Directors, Messrs. Barcellos and Correia, and thanked the outgoing Directors, Messrs. Linneman and Koda, for their years of dedicated service. Azhderian also reported that Controller, John Paul Otollo, was leaving the District for a new job with Fresno First Bank.

DIVISION REPORTS

- A. Water Resources Manager Juan Cadena reported the Water District's August deliveries were about 469 acre-feet and that current deliveries were about 5 cubic-feet per second. He said crews were replacing turnouts 13E and 302, repairing a washout on the Contour Canal and standpipe at turnout 77, and performing routine maintenance on Laterals 1, 2, and 3. In the Drainage District, he said routine drain cleaning was continuing and the District had graded 16 miles of roads on the San Luis Drain. Lastly, Cadena reported the region had received about .44 inches of rainfall but drainage flows into the San Joaquin River Improvement Project remain low and no discharge event is anticipated and that crews were wrapping up work on the Grassland Bypass Channel Operable Gates Project.

- B. General Manager Azhderian reported that staff had prepared a transition plan to manage the administration and accounting work following the departure of JP Otollo and would be relying on a consulting Certified Public Accountant to provide periodic review of the accounting work. Azhderian said staff was reviewing Otollo's job description and duties to assess the kinds of skills to recruit for and recommended the Board consider hiring a recruiting firm to help search for a replacement. The Board requested staff hold off on recruitment and instead present the assessment when complete so that the Board could better understand the need of the position and consider next steps.

- C. General Manager Azhderian presented the Ethic & Compliance report in Lorena Chagoya's absence. He reported there had been no property, liability, or worker's compensation insurance claims, nor COVID-19 cases, in the last month and no complaints reported on the SpeakUp Hotline, though three internal matters were addressed. Azhderian reported the District had finally hired a parttime housekeeper, who was expected to start work on January 3rd. Lastly, he updated the Board on past and future planned training events and said that for the new Directors, Chagoya would be reaching out directly to facilitate their on-boarding.

THE BOARD TO REVIEW AND CONSIDER REVISING MEETING DATES AND/OR TIMES

General Manager Azhderian requested the Board consider establishing a new meeting date and/or time for the Water District since it now had different Board members than the Drainage District. He recommended starting the Drainage District meeting at 9:00 a.m. and the Water District at 9:30 a.m. as the Drainage District typically had a lighter agenda. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board unanimously accepted the recommendation.

The vote on the matter was as follows:

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

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar, which included the draft minutes from the March 9, 2021, regular meeting of the Board and the March 30, 2021 special meeting of the Board; the monthly financial statements for the period ending November 30, 2021; and the Director's Monthly Credit Card Usage Report. Directors Bennett and Stearns affirmed the meeting minutes. After consideration, on a motion by Director Barcellos, seconded by Director Stearns, the Board accepted the Consent Calendar as presented.

The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER APPOINTING A VICE-PRESIDENT AND FILLING VACANCIES ON THE DISTRICT’S ETHICS & COMPLIANCE AND FINANCE & AUDIT AD-HOC COMMITTEES

General Manager Azhderian reported that with the departure of Messrs. Linneman and Koda from the Board, the position of Vice-President was now open and needed to be filled along with open seats on the District’s Ethics & Compliance and Finance & Audit ad-hoc committees. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board unanimously elected to appoint Director Barcellos as Vice-President, Director Correia on the Ethics & Compliance committee, and Directors Fausone and Barcellos on the Finance & Audit committee.

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 A RESOLUTION DESIGNATING DISTRICT REPRESENTATIVES TO SERVE ON THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY BOARD OF DIRECTORS

General Manager Azhderian reported that with the departure of Mr. Linneman from the Board, the position of Director on the San Luis & Delta-Mendota Water Authority Board of Directors was now open and needed to be filled. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board unanimously elected to appoint Director Correia as Director on the Water Authority Board and maintain General Manager Azhderian as Alternate.

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 A RESOLUTION DESIGNATING DISTRICT REPRESENTATIVES TO SERVE ON THE CENTRAL DELTA-MENDOTA REGION GROUNDWATER SUSTAINABILITY AGENCY BOARD OF DIRECTORS

General Manager Azhderian reported that with the departure of Mr. Linneman from the Board, the position of Alternate on the Central Delta-Mendota Region Groundwater Sustainability Agency Board of Directors was now open. Further, he said, President Bennett was requesting that his role as Director on the Agency’s Board end; therefore, two seats needed to be filled. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board unanimously elected to appoint Director Stearns as Director on the Agency’s Board and Director Fausone as Alternate.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
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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 A WATER TRANSFER AGREEMENT WITH THE EAST SIDE CANAL & IRRIGATION COMPANY AND SAN LUIS CANAL COMPANY

General Manager Azhderian reported he had been working with representatives of East Side Canal and San Luis to renew the District's long-term water transfer agreement and that the parties had come to terms for a new agreement through 2029. Azhderian explained the ESC&IC had implemented water conservation projects to make the water available and that the transfer was facilitated by the SLCC, which takes direct delivery of the conserved transfer water from East Side in exchange for CVP water that is then transferred to the District. He said Reclamation had approved the transfer and satisfied its requirements under the National Environmental Policy Act and issued a Finding of No Significant Impact. He also said a draft Environmental Assessment that incorporates Reclamation's FONSI had been prepared to comply with the California Environmental Quality Act and was awaiting finalization. Lastly, Azhderian stated the agreement was awaiting approval by the State Water Resources Control Board. General Counsel Williams reported execution of the Transfer Agreement would be contingent upon compliance with CEQA and State Board approval. He reviewed the applicable CEQA exemptions with the Board. After consideration, on a motion by Director Stearns, seconded by Director Barcellos, the Board unanimously adopted the Resolution.

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 INTENT WITH FOREFRONT POWER TO EXPLORE IMPLEMENTATION OF A POWER PURCHASE AGREEMENT

General Manager Azhderian reported he had been exploring alternative approaches to implement a solar project to reduce the District's operations costs and through that effort discovered the School Project for Utility Rate Reduction (SPURR) joint powers authority's Renewable Energy Aggregated Procurement (REAP) Program. He then introduced SPURR Program Manager Jeremiah Seng and asked him to recapitulate the presentation about the program he did for the Board in November for the new Directors. 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.

Azhderian explained staff had begun working with ForeFront Power to explore the feasibility and potential benefits of a solar project for the District and said that the current analysis shows promise. He then introduced ForeFront's California Public Sector Director Brian Taylor to present the current analysis. Taylor reviewed a proposed one-megawatt project that could be constructed near the District's office and connected to PG&E's transmission system near Pump Station 2. He explained the project was estimated to save the District approximately \$8.9 million over the next 20 years. He also explained that ForeFront

was continuing to work with District staff on analyzing additional meters of interest and that a second one-megawatt project may also be feasible.

Azhderian explained that at this stage, with the potential benefits being significant and analysis of a second system underway, ForeFront was requesting the District consider executing a Letter of Intent to facilitate further project design and refinement and the negotiation, preparation, and potential execution one or more Energy Services Agreements for the projects. He said that other than the exclusivity clauses contained in the Letter, it is not intended to be a binding agreement but rather a vehicle for further discussion and negotiation between the District and ForeFront. If negotiations are successful, Azhderian stated, then a fully binding agreement, including proposed final project pricing, would be brought to the Board for its consideration and approval. Seng and Taylor responded to questions from the Board. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board unanimously approved execution of the Letter of Intent.

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 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 January 13, 2022. After consideration, on a motion by Director Stearns, seconded by Director Barcellos, 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 AUTHORIZING EXECUTION OF A SERVICE AGREEMENT WITH K-COE ISOM TO SUPPORT RECRUITMENT OF A CONTROLLER

General Manager Azhderian requested the Board authorize execution of the Service Agreement to facilitate the District’s recruitment of a new controller following the departure of JP Otollo. He explained the difficulty the District has had recruiting and retaining talented financial managers and said that K-Coe Isom would be a good fit due to their knowledge of the District and experience in the agriculture and accounting industries. Azhderian said K-Coe would assist the District in evaluating its needs, preparing the recruitment package, and managing the hiring process. Prior to further consideration, the Board requested staff to reevaluate the continuing need for a controller to assess if the District required a highly skilled financial manager versus a more broadly skilled administrator and if the need could be served by a consultant or on a part-time basis. Azhderian said he would develop some alternatives and report back. No further action was taken on the matter.

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A SERVICE AGREEMENT WITH MADERA PUMP FOR THE REPAIR AND CLEANING OF WELL #48

General Manager Azhderian explained the District owns a well near the corners of Shields and Russell Avenues that had not be operated in a number of years. With a 0% allocation of Central Valley Project contract water, he said the District had the well inspected by Anderson Pump to ready for service. He said that once the maintenance work was completed and the well turned on, it did not produce an expected volume of water and that the water was high in total dissolved solids. The District had hydrologist Ken Schmidt review the well log and video shot by Anderson Pump and he recommended the well be chemically cleaned. Azhderian said requested price quotes from Anderson and Madera Pump and that Madera offered the lowest cost proposal. Azhderian expressed concern given the location of the well, which limits how much it can be run, and the poor water quality that the cost to clean the well may be worth the benefit. After consideration, the Board requested staff analyze the well’s prior production to determine whether the cleaning work should proceed. No further action was taken on the matter.

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A SERVICE AGREEMENT WITH GARTUNG CONSULTING TO PROVIDE DESIGN SERVICES AND SUPPORT ISSUANCE OF A REQUEST FOR BIDS TO UPGRADE THE DISTRICT’S SURFACE WATER TREATMENT PLANT

General Manager Azhderian explained the District’s surface water treatment plant was in need of modernization and that staff had been working with Summers Engineering and the State Water Resources Control Board on the design and funding of a new plant but that recent and significant increases in the prices of materials had ballooned the project’s cost to approximately \$8 million. The state could provide grant funding for up-to \$3 million and a low-interest loan for the rest but, given the small number of connections, even with the state’s loan support, the project had grown unaffordable. Azhderian said staff has since meet with State Board representatives and the District’s water treatment consultant, Westside Water, to identify an affordable, alternative approach that could be implemented for less than \$3 million. An approach has been identified, he said, and Westside Water was recommending the District engage Gartung Consulting to provide the necessary design and services. After consideration, on a motion by Director Stearns, seconded by Director Correia, the Board accepted the recommendation and authorized execution of the Service 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 EXECUTION OF AN EASEMENT AGREEMENT WITH TURLOCK FRUIT CO. TO FACILITATE CONSTRUCTION OF AN IRRIGATION PIPELINE UNDER THE DISTRICT’S CONTOUR CANAL

General Manager Azhderian reported that Turlock Fruit was requesting to construct a pipeline under the District’s Contour Canal to connect two pieces of their property that are separated by the canal. He said Water Resources Manager Juan Cadena had reviewed the proposal with the District’s engineer and they have concluded that Water Reclamation can perform the requested work without jeopardizing the canal or interfering with its operation. Azhderian said General Counsel Williams could prepare a suitable agreement and recommended the Board approve the request. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board accepted the recommendation and authorized development and execution of the Easement 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 AMENDING THE DISTRICT'S FYE-2022 BUDGET AND OPERATIONS & MAINTENANCE RATE

General Manager Azhderian reported this matter had been considered at both the October and November Board meetings and tabled each time for further evaluation and consideration. He then presented the Board the current analysis and explained that while some costs were down, energy costs for example, others were up, such as repairs and maintenance, but that the major driver of the cost deviation remained the difference between forecasted and actual deliveries, which were significantly less than originally projected due to growers following more land, deficit irrigating, and relying more upon groundwater. The result, he said, was an under-collection of revenues of approximately \$230,000. Azhderian presented the Board two options, it could allow the deficit to accrue from reserves or it could increase the District's O&M rate by \$35 per acre-foot, which would be collected on future deliveries as well as through a supplemental billing for water already delivered. He acknowledged the difficulty in billing growers for water already delivered but also noted the recent Standard & Poors credit rating analysis, which was critical of what it considered to be the District's weak liquidity. The Board discussed the alternatives and whether the District should consider a "reserve policy". After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board elected to amend the District's budget, increase the O&M rate by \$12.00 per acre-foot, and issue a supplemental billing for water already delivered.

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 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 the District had traditionally supported and he requested direction on future contributions. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board authorized participation in the organizations and at the amounts presented and added a \$500 contribution to the California Agriculture in the Classroom program.

The vote on the matter was as follows:

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

THE BOARD TO CONSIDER PRESENTING CHRISTMAS BONUSES TO ALL DISTRICT EMPLOYEES

General Manager Azhderian reported the Board had approved a \$300 Christmas bonus for all employees in 2020 and he requested direction for 2021. After consideration, on a motion by Director Stearns, seconded by Director Correia, the Board authorized a \$300 bonus for all employees.

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 Stearns, seconded by Director Fausone, the Board 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

REPORT ITEMS

No reports were given.

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

No reports were given.

CLOSED SESSIONS

No closed session was held.

FUTURE MEETING DATES

A special meeting was scheduled for December 21st at 9:00 a.m.. The next regular meeting of the Board was scheduled for November 9, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 11:57 a.m..



John Bennett, President



Mike Stearns, Secretary