

AGENDA
PANOCHÉ WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING
May 10, 2022 – 9:30 a.m.

**CONSISTENT WITH RESOLUTION NO. 806-22 PROCLAIMING A LOCAL EMERGENCY AND
AUTHORIZING REMOTE TELECONFERENCE BOARD MEETINGS THROUGH MAY 25, 2022
PURSUANT TO AB 361, THE OPEN SESSION OF THIS MEETING MAY BE JOINED
FROM YOUR COMPUTER, TABLET OR SMARTPHONE THROUGH THE FOLLOWING MEANS:**

<https://meet.goto.com/883154261>

AND PLEASE DIAL

Conference call in number: (844) 783-6236 Passcode: 209 364 6136

PRESIDENT’S ANNOUNCEMENT: Pursuant to Government Code Section 54952.3, let it be known that Board Members receive no compensation or stipend for simultaneous or serial order meetings of the Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and/or the Panoche Resource Conservation District.

- 1. CALL TO ORDER**
- 2. REVIEW OF AGENDA:** The Board will consider corrections and/or additions to the Agenda of items requiring immediate action that came to the attention of the Board after the Agenda was posted.
- 3. ROLL CALL:** A quorum will be confirmed and the Board will consider appointment of an acting Officer(s) in the event the President, Vice-President, and/or Secretary is absent from the meeting.
- 4. POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the Agenda Item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105]
- 5. PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item in the Agenda at this time or before the Board’s consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified in Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

6. DIVISION REPORTS:

- A. Water Operations & Maintenance – Juan Cadena
- B. Administration – Ara Azhderian
- C. Ethics, Compliance, & Human Resources – Lorena Chagoya

7. PANOCHÉ WATER & DRAINAGE DISTRICTS JOINT CLOSED SESSION: Conference with Legal Counsel.**A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant Exposure to Litigation pursuant to Section 54956.9(d), paragraph (2) or (3):

Number of Cases: Ten

8. REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1)**9. CLOSED SESSION****A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant Exposure to Litigation pursuant to Section 54956.9(d), paragraph (2) or (3):

Number of Cases: Four

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Section 54956.9(d)(1):

Names of Cases:

- i. Stephen W. Sloan vs. Panoche Water District
Fresno County Superior Court Case No. 18CECG00511
- ii. Imani Percoats & Chris Bettencourt vs. Panoche Water District
Fresno County Superior Court Case No. 18CECG01651
- iii. Greenhouse Ranch v. Panoche Water District, et al.
Merced County Superior Court Case No. 21CV-01348
- iv. Center for Biological Diversity, et al. v. United States, et al.
US District Court, E.D. Cal, Case No. 1:20-CV-00760 DAD-EPG
- v. North Coast Rivers Alliance, et al. v. Kenneth Salazar, et al.
US District Court, E.D. Cal., Case No. 1:16-cv-00307-DAD-SKO
- vi. Firebaugh Canal Water District & Central California Water District v. United States, et al.
US District Court, E.D. Cal., Case 1:88-cv-00634-LJO-SKO

C. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Section 54957.6:

Agency Designated Representative: Ara Azhderian, General Manager

Employee Organization: International Brotherhood of Electrical Workers Local 1245

10. REPORT FROM CLOSED SESSION

At approximately 10:30 a.m., it is anticipated President Bennett will adjourn the Closed Session.

11. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered to be routine and non-controversial and will be acted upon by a single action of the Board of Directors, unless a Board Member requests separate consideration of the item. If such a request is made, the item may be heard as an Action Item at this meeting. The Board will review and consider (Tab 2):

- Approval of DRAFT minutes from the April 12, 2022, regular meeting of the Board;
- Approval of DRAFT minutes from the April 26, 2022, special meeting of the Board;
- Acceptance of the monthly financial statements for the period ending April 30, 2022;
- ~~Acceptance of Director's Monthly Credit Card Usage Report.~~

ACTION ITEMS

- 12.** The Board to review and consider authorizing execution of a Water Transfer Agreement with Firebaugh Canal Water District (Azhderian – Tab 3);
- 13.** The Board to review and consider authorizing execution of a technical services agreement to prepare a mandated Engineering Report as part of a Technical Application for financial assistance from the State Water Resources Control Board for replacement of the District's surface water treatment plant (Azhderian/Cadena – Tab 4);
- 14.** The Board to review and consider authorizing revisions to the District's Conflict of Interest Code and related actions (Azhderian – Tab 5);
- 15.** The Board to review and consider authorizing revisions to the District's Disclosure Procedure Policy and related actions (Azhderian – Tab 6);
- 16.** The Board to review and consider accepting the Treasurer's Quarterly Investment Report (Azhderian – Tab 7);
- 17.** The Board to review and consider approving payment of bills (Azhderian – Tab 8).

REPORT ITEMS

- 18. FINANCIAL REPORTS (Tab 9)**
 - A. FYE 2023 Budget-to-Actual Report;
 - B. Tiered O&M Rate;
 - C. Other financial matters affecting the District.

19. REPORTS UNDER DISTRICT POLICIES

- A. Emergency COVID-19 Pandemic Response Policy;
- B. Report(s) on Brown Act Meetings & Conferences Attended at District Expense (may be written or oral and may be joint for multiple attendees);
- C. Board to Consider Update(s) or Approval(s) Required Under Any Other District Policies.

20. GENERAL MANAGER'S REPORT (Tab 10)

- A. Water Supplies & Deliveries;
- B. Water Quality;
- C. Domestic Water Treatment Plant;
- D. Solar Project;
- E. Staffing;
- F. Strategic Priorities;
- G. Other Matters Affecting the District.

21. REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**22. FUTURE MEETING DATES**

- A. Board to Consider Action to Set Special Meeting Date(s): *No staff requests.*
- B. Next Regular Meeting Date: June 14, 2022.

23. ADJOURNMENT

- ❖ Items on the Agenda may be taken in any order.
- ❖ Action may be taken on any item listed on the Agenda.
- ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, in written form, or via telephone by calling (209) 364-6136. Requests must be received at least 18 hours prior to a scheduled public meeting.

Investment Information Disclaimer: This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Section 54950 et seq., and has not been prepared with a view to informing an investment decision in any of the District's bonds, notes, or other obligations. Any projections, plans, or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the District's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the District on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

**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 SIGNED

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

**PANOCHÉ WATER DISTRICT MEETING MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
April 26, 2022, at 9:30 A.M.**

A special 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

Others Present: Philip Williams, General Counsel
Palmer McCoy, Grassland Basin Authority
Pablo Arroyave, San Luis & Delta-Mendota Water 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 meeting to order at 9:33 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.

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION DETERMINING THAT DURING THE GOVERNOR'S PROCLAIMED STATE OF EMERGENCY DUE TO THE COVID-19 PANDEMIC, MEETING IN PERSON WOULD PRESENT IMMINENT RISK TO THE HEALTH OR SAFETY OF ATTENDEES

General Manager Azhderian explained this Resolution was identical to previous versions adopted over the past few months pursuant to Assembly Bill 361, except that it further extended the timeframe in which the Board and public may meet virtually to May 25, 2022. After consideration, on a motion by Director Stearns, seconded by Director Correia, 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 THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY B.F. SISK DAM RAISE AND RESERVOIR EXPANSION PROJECT ACTIVITY AGREEMENT

General Manager Azhderian presented the Board the proposed agreement. He explained key aspects of the agreement and project, as well as other major CVP funded projects, to offer perspective on the potential cost increases expected over the next decade to maintain and improve the CVP infrastructure south of the Delta. Chief Operating Officer for the San Luis & Delta-Mendota Water Authority, Pablo Arroyave, responded to questions and explained that the process to expand the B.F. Sisk Dam is envisioned to occur in three phases, with the proposed agreement addressing Phase I, the planning and permitting phase that is expected to cost \$5-10 million. Phase II, is the design phase that is expected to cost \$20-30 million and Phase III, is the construction phase that is expected to cost \$500-700 million, he said. Arroyave also explained that much is yet to be determined, including cost allocations, funding mechanisms, and use and operation of the proposed new storage capacity in San Luis Reservoir, and that much of the uncertainty is expected to be resolved during Phase I so that investors may assess their willingness and ability to move forward with the project as the costs escalate relative to the effort. After consideration, on a motion by Director Barcellos, seconded by Director Fausone, the Board unanimously authorized execution of the agreement as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
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 10:33 a.m., President Bennett called the joint closed session to order.

At approximately 12:20 p.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.

PANOCHE WATER DISTRICT ONLY CLOSED SESSION

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

CVP OPERATIONS & WATER SUPPLY UPDATE

General Manager Azhderian provided the Board an update on CVP operations and the District's water supply situation, noting in particular that North-of-Delta transfers were likely not to occur in 2022 due to the extraordinary drought conditions, thereby setting the District's potential 2023 water supply back, and he reviewed the potential water supply and costs of the District's Warren Act Contract's Delta-Mendota Canal well blending project, which aims to benefit the San Joaquin River Improvement Project by producing supplemental water supply for the project's participants as well as supplemental revenue.

FUTURE MEETING DATES

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

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 12:56 p.m.

John Bennett, President

Mike Stearns, Secretary

PANOCHE WATER DISTRICT TREASURER'S MONTHLY FINANCIAL REPORT BALANCE SHEET-CURRENT ASSETS & LIABILITIES		
	<u>April 30, 2022</u>	<u>March 31, 2022</u>
<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	\$165,758	\$273,368
PREPAYMENTS/CREDIT ACCOUNTS	-	-
TOTAL CURRENT LIABILITIES	\$165,758	\$273,368
<u>CASH AND INVESTMENT ACCOUNTS</u>		
O&M CHECKING	\$858,079	\$386,866
PAYROLL CHECKING	\$9,079	\$100,003
CONTRACTUAL OBLIGATION FUND MONEY MARKET	\$346,632	\$346,621
LAIF	\$5,676,714	\$3,373,257
2021 REVENUE BONDS - LAIF RESTRICTED	\$1,168,809	\$1,167,888
TOTAL CASH AND INVESTMENTS	\$8,059,313	\$5,374,635
<u>ACCOUNTS RECEIVABLES</u>		
WATER	\$7,069,472	\$1,706,549
GROUNDWATER MANAGEMENT FEE	-	-
DELINQUENT ACCOUNT CHARGES	\$134,796	\$116,564
OTHER	\$113,968	\$116,461
GBA NOTE RECEIVABLE	\$169,803	\$189,943
PDD NOTE RECEIVABLE	\$119,307	\$135,061
CASH ADVANCE - PROP 84	\$460,000	\$460,000
TOTAL ACCOUNTS RECEIVABLES	\$8,067,346	\$2,724,578
TOTAL CURRENT UNAUDITED ASSETS	\$16,126,659	\$8,099,213
NET CURRENT UNAUDITED ASSETS (NET CASH POSITION)	\$15,960,901	\$7,825,845

General Ledger Detail Report
 May 10, 2022 – PWD Regular Board Meeting Packet
 Summary Report for Period 01 Thru 02 Ending 4/30/2022

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PANOCHÉ WATER DISTRICT (PWD)

Account Number/Description	Beginning Balance	Debit	Credit	Net Change	Ending Balance
13112-000					
MECHANIC CKNG #*****8566	142,411.21	5,422,965.28	4,707,297.48	715,667.80	858,079.01
13412-000					
MECHANIC PR#*****7895	28,911.18	270,000.00	289,831.88	19,831.88-	9,079.30
13465-000					
2021 REVENUE BONDS - LAIF	1,167,888.30	920.33	0.00	920.33	1,168,808.63
13470-000					
CONTRACTUAL OBLIGATION FUND #9745	346,609.19	22.80	0.00	22.80	346,631.99
13520-000					
LOCAL AGENCY INVESTMENT FD	3,973,256.98	2,303,456.71	600,000.00	1,703,456.71	5,676,713.69
Report Total:	<u>5,659,076.86</u>	<u>7,997,365.12</u>	<u>5,597,129.36</u>	<u>2,400,235.76</u>	<u>8,059,312.62</u>

RETURN SERVICE REQUESTED

PANOCHE WATER DISTRICT
 O & M ACCOUNT
 52027 W ALTHEA AVE
 FIREBAUGH CA 93622-9401

Managing Your Accounts

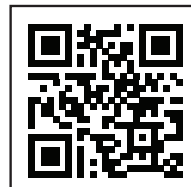
	Client Services	800.797.6324
	Online	www.mechanicsbank.com
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Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXXX8566	\$963,320.60

PUBLIC CHECKING-XXXXXXXXX8566

Account Summary

Date	Description	Amount
04/01/2022	Beginning Balance	\$390,043.39
	17 Credit(s) This Period	\$4,230,992.56
	73 Debit(s) This Period	\$3,657,715.35
04/29/2022	Ending Balance	\$963,320.60




Electronic Credits

Date	Description	Amount
04/01/2022	Remote Deposit	\$157,437.36
04/04/2022	ACH Pmt GRASSLAND BASIN Inv#'s 41258, 41268, 41356	\$2,864.06
04/04/2022	Remote Deposit	\$294,203.51
04/08/2022	Remote Deposit	\$27,059.05
04/11/2022	Remote Deposit	\$697.52
04/11/2022	Remote Deposit	\$8,248.00
04/12/2022	GRASSLAND BASIN ACH Pmt 5326090405	\$17,419.00
04/12/2022	Remote Deposit	\$311,130.05

RETURN SERVICE REQUESTED

PANOCHE WATER DISTRICT
 PAYROLL ACCOUNT
 52027 W ALTHEA AVE
 FIREBAUGH CA 93622-9401

Managing Your Accounts

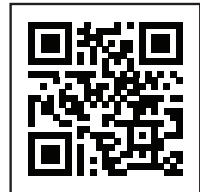
	Client Services	800.797.6324
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Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXXX7895	\$14,279.19

PUBLIC CHECKING-XXXXXXXXX7895

Account Summary

Date	Description	Amount
04/01/2022	Beginning Balance	\$100,002.67
	1 Credit(s) This Period	\$60,000.00
	16 Debit(s) This Period	\$145,723.48
04/29/2022	Ending Balance	\$14,279.19

Electronic Credits

Date	Description	Amount
04/18/2022	JE-34 TRANSFER FUNDS FOR PAYROLL	\$60,000.00

Electronic Debits

Date	Description	Amount
04/05/2022	IRS USATAXPYMT 270249563653931	\$15,811.61
04/05/2022	PANOCHWATERDIST PE03/31/22 XXXXX2036	\$38,221.73
04/06/2022	EMPLOYMENT DEVEL EDD EFTPMT 412397728	\$2,785.28
04/06/2022	JOHN HANCOCK ACH DEBIT 0046568	\$8,421.80

RETURN SERVICE REQUESTED

PANOCHÉ WATER DISTRICT
 CONTRACTUAL OBLIGATION FUND
 52027 W ALTHEA AVE
 FIREBAUGH CA 93622-9401

Managing Your Accounts



Client Services 800.797.6324



Online www.mechanicsbank.com



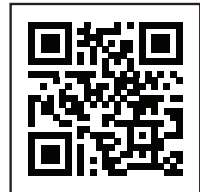
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The "Per Check Charge" defined on your statement represents a \$15 charge for each check that exceeds the six check limitation on your account. Refer to Mechanics Bank's Account Agreement for additional information.

Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC MONEY MARKET	XXXXXXXXX9745	\$346,631.99

PUBLIC MONEY MARKET-XXXXXXXXX9745

Account Summary

Date	Description	Amount
04/01/2022	Beginning Balance	\$346,620.97
	1 Credit(s) This Period	\$11.02
	0 Debit(s) This Period	\$0.00
04/29/2022	Ending Balance	\$346,631.99

Interest Summary

Description	Amount
Annual Percentage Yield Earned	0.04%
Interest Days	29
Interest Earned	\$11.02
Interest Paid This Period	\$11.02
Interest Paid Year-to-Date	\$38.04

Other Credits

Date	Description	Amount
04/29/2022	INTEREST	\$11.02

Daily Balances

Date	Amount
04/29/2022	\$346,631.99

PANOCHE WATER DISTRICT
Account Receivable Report
Fiscal Year 03/01/2022 - 02/28/2023

Report Period 4/30/22 - 5/3/22

Report Date: 5/03/22

	Total	Water	Others
Receivable Balance as of April 30, 2022	<u>\$ 7,183,440</u>	<u>\$ 7,069,472</u>	<u>\$ 113,968</u>
Billings:	\$ -	\$ -	\$ -
Total Billings:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Payments Received:			
Payments Received:	\$ 1,686,974	\$ 1,686,974	\$ -
Total Payments Received:	<u>\$ 1,686,974</u>	<u>\$ 1,686,974</u>	<u>\$ -</u>
Receivable Balance as of May 3, 2022	<u>\$ 5,496,466</u>	<u>\$ 5,382,498</u>	<u>\$ 113,968</u>
Outstanding Accounts:			
Total Current Accounts Receivables	\$ 5,361,673	\$ 5,361,302	\$ 371
Delinquent Accounts Receivables	\$ 134,793	\$ 21,196	\$ 113,597
	<u>\$ 5,496,466</u>	<u>\$ 5,382,498</u>	<u>\$ 113,968</u>
Non Current Receivables - Prior Years	<u>\$ 4,843,877</u>	<u>\$ 985,646</u>	<u>\$ 3,858,231</u>

PANOCHÉ WATER DISTRICT
AGED ACCOUNTS RECEIVABLE - Delinquent
As Of 4/30/2022

Name	31-60 Days	61-90 Days	Over 90 Days	Total A/R
Cardella, Michelle	2.51	7.53	167.48	177.52
Cecilia Echeveste Survivor's Trust	-	25.54	-	25.54
De La Torre, Carlos and Jose	-	-	55.92	55.92
Gopher Ridge II, LP	11,532.42	-	-	11,532.42
Hanna M&M Family Trust	-	32.20	-	32.20
Harvest Point	-	27.36	-	27.36
Imperial Merchants USA, LLC	3.53	10.59	235.15	249.27
J&M Enterprises	771.97	29.92	665.52	1,467.41
J&M Enterprises, Et Al	6,127.99	24.54	545.19	6,697.72
John S. Diedrich Farms,	-	221.34	-	221.34
Maverick Pistachios	-	103.41	-	103.41
Olam West Coast, Inc. (OSVI)	7.66	22.98	548.72	579.36
Terra Bella Farm Co & I Matson	-	26.87	-	26.87
	18,446.08	532.28	2,217.98	21,196.34
<u>Other</u>				
Camp 13 Drainage District	-	-	57,050.97	57,050.97
Central California Irrigation District	-	-	41,875.73	41,875.73
Grassland Basin Authority	-	-	14,669.93	14,669.93
	-	-	113,596.63	113,596.63
Total Accounts - Delinquent	18,446.08	532.28	115,814.61	134,792.97

BACK

WATER TRANSFER AGREEMENT PANOCHÉ WATER DISTRICT

2022 CALENDAR YEAR

THIS AGREEMENT is entered into by and between the SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER AUTHORITY (hereinafter “Authority”); FIREBAUGH CANAL WATER DISTRICT (hereinafter the “Relinquishing Entity”); CENTRAL CALIFORNIA IRRIGATION DISTRICT (hereinafter “CCID”), FIREBAUGH CANAL WATER DISTRICT in its capacity as a Member Entity of Authority (hereinafter “Firebaugh”), COLUMBIA CANAL COMPANY (hereinafter “Columbia”), and SAN LUIS CANAL COMPANY (hereinafter “San Luis”), all as members of the Authority and signatories to the Second Amended Exchange Contract, the Purchase Contract and the Division of Water Agreement (collectively referred to as “Member Entities”); and PANOCHÉ WATER DISTRICT (hereinafter “Transfer Recipient”), who do agree for full and adequate consideration as follows:

Background:

- A. On July 24, 2013, the U.S. Bureau of Reclamation (“Bureau”) issued a Record of Decision under the National Environmental Policy Act (“NEPA”) for the Water Transfer Program for the San Joaquin River Exchange Contractors Water Authority, 2014-2038 (State Clearinghouse # 2011061057).
- B. The Environmental Impact Statement/Environmental Impact Report (EIS/EIR) for the transfer program was certified by the San Joaquin River Exchange Contractors Water Authority on March 1, 2013.
- C. Through land fallowing, the Relinquishing Entity has developed approximately 87 acre-feet of water (“Transfer Water”) that can be transferred to Transfer Recipient in 2022.
- D. The Authority shall submit to the Bureau on behalf of the Relinquishing Entity an estimated transfer delivery schedule from the Relinquishing Entity for water year 2022 in the form of Exhibit A to this Agreement, and it is anticipated will receive final approval by the Bureau prior to the transfer of any water or payment of any money as described in Section C pursuant to the Transfer Delivery Schedule attached as Exhibit “A.” However, no reimbursement shall be required for any Transfer Water amounts not permitted to be transferred by the Bureau or its agent, San Luis-Delta/Mendota Water Authority, to Transfer Recipient because of physical capacity limitations in the facilities of the Bureau of Reclamation used for delivery.

Agreement:

1. **Amount of Water to be Transferred and Payment by Transfer Recipient to Authority for Account of Relinquishing Entity.** Transfer Recipient agrees to purchase and pay for the amount of water to be transferred in the total amount of Eighty-Seven (87) acre feet of water in calendar year 2022. Transfer Recipient may not reduce the amount purchased and shall be responsible for full payment at the rate of

\$634 (Six-Hundred and Thirty-Four Dollars) per acre-foot. Relinquishing Entity agrees to make that water available from its supplies in accordance with the terms of and schedule attached as Exhibit “A.” Relinquishing Entity shall, invoice the Transfer Recipient monthly for the amount of water delivered during the preceding month, and the amount invoiced and delivered shall be payable by the Transfer Recipient within thirty (30) days of billing. If payment shall not be made within 30 days, interest shall be charged on the unpaid amount at the legal rate of interest in the State of California until paid. Relinquishing Entity authorizes Authority to reduce its entitlement to receive water in the calendar year 2022 under the Second Amended Exchange Contract and Division of Water Agreement by the amounts delivered and the capacity allocations under the schedule attached as Exhibit “A.”

2. **Transfer Recipient Responsible for all Costs and Obtaining Consent of U.S. Bureau of Reclamation (Bureau) without costs or burden upon Authority and Member Entities:** Prior to or promptly following execution of this Agreement, the Relinquishing Entity (Firebaugh) and Transfer Recipient (PANOCHÉ WATER DISTRICT) shall obtain the consent and approval of Bureau to the transfer of water. Transfer Recipient shall pay all costs, charges and amounts to the Bureau or to third parties required to accomplish the transfer of Authority water and delivery to the Transfer Recipient at the Point of Delivery. Transfer Recipient shall also pay to the San Luis & Delta-Mendota Water Authority all charges associated with transfer or delivery of the Transfer Water to Transfer Recipient. No new conditions or requirements shall be imposed upon or borne by Authority, or Member Entities through the consent of the Bureau or any other requirement to accomplish the transfer.

2.1 There are no implied or explicit representations or warranties of Authority and Relinquishing Entity regarding this Agreement and its performance other than that all parties will act in good faith and reasonably cooperate; provided, however, the Authority, its Member Entities and Relinquishing Entity will not be required to be subjected to or bear additional conditions on water use or costs of any nature or requirements including, without excluding others, environmental studies, mitigation of environmental conditions. Transfer Recipient agrees that it will perform, satisfy and pay the costs of any such requirements and the compliance and performance of those requirements is not a condition of payment under this Agreement. Transfer Recipient warrants that it has full authority to enter into this Agreement. Transfer Recipient agrees to defend, indemnify and hold Authority, its employees, officers and directors free and harmless from any claim or expense arising from this Agreement or the actions described herein and to pay all attorney’s fees and reasonable costs incurred, including expert witness fees incurred in that defense.

3. **Point of Delivery:** The Point of Delivery will be the Point of Delivery for the Relinquishing Entity, which is the pool behind Mendota Dam as specified in Paragraph (d) of Article 5 of the Second Amended Exchange Contract. All Transfer Water shall be delivered to Transfer Recipient utilizing

water that would otherwise be delivered to Relinquishing Entity. Transfer Recipient shall pay any increase in the Bureau's wheeling costs for conveying the transfer water in the San Luis Canal versus the Relinquishing Entity's primary point of diversion of surface water at the Relinquishing Entity's point of diversion at Mendota Pool.

4. **Water Scheduling:** The Relinquishing Entity will make the water subject to this Agreement available to Transfer Recipient at the Point of Delivery in the amount called upon by Transfer Recipient on the schedule attached as Exhibit "A" in coordination with the Transfer Recipient and the Bureau.
5. **Water Rights Not Affected:** No transfer of water pursuant to this Agreement shall confer any right to water of any nature or kind on any person or entity. Nothing in this Agreement shall act as a forfeiture, diminution, or impairment of any rights of the Relinquishing Entity or of the Authority to its full deliveries of water after the performance and expiration of this Agreement, and shall in no way prejudice any of the Relinquishing Entity's or Authority's rights thereto. No transfers under this Agreement, nor the Agreement itself, shall constitute evidence of the availability of surface water beyond the term of the Agreement, nor evidence of the lack of beneficial use of the water involved in the transfer, and Transfer Recipient shall not contend otherwise. The only rights granted to the Transfer Recipient as a result of this Agreement are those expressly set forth herein.
6. **Effective Date and Term of Agreement:** When this Agreement has been executed by the Authority and the Transfer Recipient (PANOCHE WATER DISTRICT) and Authority is assured to its reasonable satisfaction that the Bureau will approve the Agreement and that no new costs, burdens or conditions burdening Authority or the Member Entities will be incurred as set forth in Paragraph 1 above, this Agreement shall become effective. The Term of this Agreement shall remain in force and effect until it is fully performed, including during the enforcement of the obligations contained herein or December 31, 2022, whichever comes first.
7. **Reasonable and Beneficial Use.** Each Member Entity agrees that the water relinquished under the terms of this Agreement shall be treated for all purposes as reasonably and beneficially used by the Relinquishing Entity and Authority during the 2022 year and used in compliance with all terms of the Second Amended Exchange Contract and Purchase Contract.
8. **Payment to Authority of Authority Expenses Related to Transfer by Relinquishing Entity.** The Relinquishing Entity further agrees to indemnify, defend and hold harmless the Authority and the Member Entities not relinquishing and transferring water under this Agreement, and their directors, employees and agents (hereafter collectively the "Indemnified Parties") from any and all costs, expenses of liability of whatsoever nature or kind arising from, caused or related to the relinquishment of water and/or transfer of water pursuant to this Water Transfer Agreement. This agreement to indemnify, hold harmless and defend shall extend to and include the costs of attorney's fees, expert witness fees, and all

other reasonable costs incurred in the defense of the Indemnified Parties, including claims that the Indemnified Parties were negligent, unreasonably omitted to act, or otherwise breached a duty giving rise to the claim or proceeding, or did not reasonably and beneficially use the water transferred under applicable laws, regulations or contract provisions applicable to the Member Entities.

9. **Attorney's Fees and Third Party Challenges:** In the event of any action between the Relinquishing Entity, Member Entities or Transfer Recipient (individually "Party" or collectively "Parties") seeking enforcement or interpretation of any of the provisions of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, its reasonable costs and expenses, including without limitation, the actual out-of-pocket costs and attorney's fees, all as ordered by the trier of fact. The Parties shall assist one another without cost in connection therewith by providing information and witnesses as reasonably requested.
10. **Counterparts:** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

**TRANSFER RECIPIENT /
PURCHASER OF TRANSFER WATER:**

PANOCHE WATER DISTRICT:

Dated:

Chief Operating Officer

Dated:

**SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER
AUTHORITY
("Authority"):**

By _____
President

By _____
Secretary

Dated:

**CENTRAL CALIFORNIA IRRIGATION DISTRICT, Member
Entity:**

By _____
President

By _____
Secretary

Dated:

COLUMBIA CANAL COMPANY, Member Entity:

By _____
President

By _____
Secretary

Dated:

SAN LUIS CANAL COMPANY, Member Entity:

By _____
President

By _____
Secretary

Dated:

**FIREBAUGH CANAL WATER DISTRICT,
AS A MEMBER ENTITY, AND AS RELINQUISHING ENTITY:**

By _____
President

By _____
Secretary

TRANSFER DELIVERY SCHEDULE AND RELINQUISHMENT AMOUNTS**Relinquishing Member Entity: FIREBAUGH CANAL WATER DISTRICT**

Month	Amount in Acre Feet Relinquished	Amount in Acre-Feet Relinquished per day
May	13	.39 acre-feet
June	74	2.81 acre-feet
July		
August		
September		
October		
November		
December		

BACK

RELINQUISHING ENTITY:**Dated:****FIREBAUGH CANAL WATER DISTRICT:**By _____
PresidentBy _____
Secretary**APPROVED:****Dated:****SAN JOAQUIN RIVER EXCHANGE CONTRACTORS WATER
AUTHORITY
("Authority"):**By _____
PresidentBy _____
Secretary

Gartung Consulting

1333 East Richert Avenue, Fresno, CA 93704
Phone: 559-907-9327 | Email: jgartung@sbcglobal.net

TO: Juan Cadena, Water Resources Manager for Panoche Water District, Client

FROM: Jim Gartung, PE-CE, Gartung Consulting

DATE: April 25, 2022

PROJECT ADDRESS: 52027 West Althea Avenue, Firebaugh, CA 93622

The following proposal is made pursuant to discussions with Juan Cadena and shall become the Agreement to provide the services described when an executed copy is returned to Gartung Consulting.

DESCRIPTION OF PROJECT: New Water Treatment Facility to replace the Existing Water Treatment Facility for the PWD Community Water System.

INCLUDED ENGINEERING SERVICES:

PHASES OF ENGINEERING WORK:

1. **Engineering Report:** Create an Engineering Report, which will include the items in Section 1 from the "Technical Application Instructions (Construction)" (see attached), with assistance from PWD personnel. Coordinate/correspond with SWRCB personnel as needed to complete the report.

From Section 1 of the Instructions:

- a) Executive Summary
 - b) Background project Information
 - c) Problem description
 - d) Consolidation analysis
 - e) Alternative analysis
 - f) Selected project
 - g) Detailed cost estimate for the selected project
 - h) Proposed schedule
 - i) Schematic and map of system's proposed facilities
 - j) Comprehensive response to climate change
 - k) Copy of any permits required as part of this project
 - l) Supplemental Information Form (Consolidation projects only)
2. **Completion of the Technical Application (Construction):** **Not part of this Proposal.** This proposal does not include the following elements of the application information package. (Drawings and documents for these phases to be included in separate agreements.)

Section 1 – Technical Information

- I. Technical, Managerial, and Financial (TMF) Assessment
- II. Professional Engineering Services Contract
- III. Plans and Specifications (final)

Section 2 – Project Summary

Section 3 – Water Rights

Section 4 – Comprehensive Response to Climate Change

Section 5 – Attachment Checklist

TO BE PROVIDED BY CLIENT: Work with Gartung Consulting to finalize design requirements for the project. Provide all fees such as Governmental, Testing and Inspection Reports, etc. Provide all data/information as required for the completion of the Engineering Report.

ADDITIONAL SERVICES: Drawings and documents not listed in the Included Design Services that become necessary for the project due to agency comment or are discovered through the project design process shall be compensated as Additional Services. Additional drawings or documents may be required to be prepared by other designers/engineers, i.e., Land Surveyor, Environmental Consultant, Structural Engineer, Fire Protection Engineer, etc. CLIENT authorization to hire other designers/engineers shall be in writing and reimbursable.

COMPENSATION:

1. The Included Engineering Services, Engineering Report, for this Agreement shall be compensated on an hourly basis with a not to exceed amount of **\$20,000**. Rate for Engineering at **\$140.00** per hour and for Drafting/Technical Support/Travel Time at **\$70.00** per hour. Mileage reimbursement at \$0.60/mile.
2. Any Scope of Services not listed within the Included Engineering Services as outlined in this agreement will be considered Additional Services. Any Additional Services authorized by the Client shall be compensated at the same rates as shown in Item #1 and shall include reimbursable expenses at actual Cost + 15%.
3. Invoices shall be submitted to the Client monthly; payments are due and payable within 15 days of the invoice date. Payments made by check shall be made payable to **Gartung Consulting**. Undisputed amounts unpaid after 30 days from the invoice date shall bear interest from the date payments are due at a rate of 2% per month. NOTE: If a check has been returned for insufficient funds, an invoice reflecting the unpaid invoice as well as the bank's service charge will be billed to the Client and immediate payment is expected upon receipt of Gartung Consulting Invoice.

TERMINATION OF SERVICES:

This agreement may be terminated by the Client or Gartung Consulting should the other fail to perform its obligations hereunder. In the event of termination, the Client shall pay Gartung Consulting for all services rendered to date of the termination, all reimbursable expenses, and reimbursable termination expenses.

OWNERSHIP OF DOCUMENTS:

All documents produced by Gartung Consulting under this agreement shall remain the property of Gartung Consulting and may not be used by the Client for any other endeavor without the written consent of Gartung Consulting.

Gartung Consulting appreciates the opportunity to provide a proposal for your project and looks forward to collaborating with you toward the successful completion of this project.

Jim Gartung
Jim Gartung, PE-CE, Gartung Consulting

April 25, 2022
Date

By signing below, the client authorizes Gartung Consulting to proceed with the work outlined in this proposal.

Ara Azhderian, Panoche Water District, Client

Date

BACK



Division of Financial Assistance
P. O. Box 944212, Sacramento, CA 94244-2120



Technical Application Instructions (Construction)

The Technical Package is intended to provide detailed technical information about the project. The Technical Package must include a complete Engineering Report stamped by a professional engineer, registered in the State of California. In addition, the applicant should provide a complete Technical, Managerial, and Financial (TMF) Assessment, an engineering services contract, and appropriate Plans and Specifications. This section provides information on how to complete the Technical Package.

Applicant Name – Enter the entity that will be the legal signatory to a financing agreement.

Project Name – Enter the project name

Water System Number – Enter the seven-digit number assigned to your drinking water system. You can visit Drinking Water Watch to obtain the number for your water system: <https://sdwis.waterboards.ca.gov/pdww/>.

Section I – Technical Information

Engineering Report (Attachment T1) – The applicant must submit an Engineering Report appropriate to the project. The contents of the Engineering Report are intended to provide the Division with adequate information to evaluate whether the project is eligible for DWSRF financing, meets applicable technical requirements, and is likely to meet applicable objectives and standards. The Engineering Report must address the elements outlined in Section I, Item 1 of the Technical Package. This section provides guidance about each of the elements that must be included in the Engineering Report.

Executive Summary – Provide a clear and concise summary of the Engineering Report. The summary should include but is not limited to the purpose of the project, key results of the alternative analysis, financial implications, and other essential project information.

Background Project Information – Provide background information regarding the proposed project.

1. Describe the Existing Facilities
 - a. The Engineering Report must include a description of the water system and its facilities, including details relating to sources, storage, treatment, and distribution. Describe the water system's present condition, suitability for continued use, adequacy of water supply, current water system capacity, age of facilities, and water quality.
 - b. Attach a schematic and map of the water system. The schematic and map must include all the water system's facilities, including the facilities described in subsection 1.a above. The schematic and map must be legible. You may include photographs and sketches as needed.
2. Provide an analysis of the water system's current water demand. You must provide a description of the methodology used to determine the water system's demand. The analysis should include but may not be limited to maximum daily demand (MDD), fire flow, water demand resultant from growth, and peak hourly demand (PHD). The analysis should also describe how industrial and commercial water users impact the water demand.

3. Describe existing water system Operations and Maintenance (O&M) practices. Describe how these practices impact the water system's finances. Describe any financial or technical challenges that may impact water system operations and state any preventive practices that are in place to address these challenges.

Problem Description – Describe the problem being addressed by the project and attach documents supporting the ranked problem, including but not limited to the last two years of water quality data, most recent compliance orders, violations, citations and sanitary surveys. If the Compliance Order is related to a Maximum Contaminant Level (MCL) exceedance, identify the contaminant.

Consolidation Analysis – A consolidation evaluation must be included in the Engineering Report. The DWSRF Policy requires all funding applicants to evaluate the feasibility of consolidation as an alternative solution. If consolidation is deemed infeasible, the applicant must fully and completely discuss the reasons for that determination. Supporting information justifying the decision is required. Guidelines for consolidation projects are available on the State Water Board's website:
https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/dwsrf_policy/appendix_a.pdf.

Alternative Analysis – Describe each alternative considered to correct the problem stated in Section B. As required in the DWSRF Policy, you must include the feasibility of consolidating with one or more water systems as one of the alternatives considered. The selected construction project must be the most cost effective, long-term solution. The alternative analysis must address the following items for each alternative considered.

1. **Description** – Describe all the facilities associated with the alternative. The description must be full and complete, including all necessary details pertinent to the proposed design.
2. **Design criteria** – State the design parameters and assumptions used in the evaluation.
3. **Environmental impacts** – Provide a short description of any environmental impacts that may prevent the alternative from being considered.
4. **Land requirements** – Identify sites and easements required to implement the alternative. Specify whether or not these properties are currently owned, currently leased, or if either the property or lease needs to be acquired prior to implementing the alternative.
5. **Construction and site considerations** – Discuss any concerns that may adversely affect the construction cost or facility operations. The concerns may include issues like site conditions, water table level, access to premises, or vulnerability to climate change effects.
6. **Cost estimate** – Include cost estimates for each of the alternatives considered. This section should include the following information. This information should be used in conjunction with the information above to determine the most cost-effective alternative.
 - a. Construction
 - b. Non-construction and other related costs
 - c. Annual operations and maintenance costs
 - d. Cost effective present worth analysis
 - e. Life-cycle cost analysis
7. **Advantages/Disadvantages** – Describe the alternative's advantages and disadvantages relating to its ability to comply with regulatory requirements, meet the water system's O&M needs, be financially viable, satisfy public concerns, and meet environmental requirements.
8. **Alternative Evaluation and Selection** – Evaluate the alternatives based on the selection criteria. Describe the selection of the most suitable alternative for the project.

Selected Project – It is expected that a single alternative be selected based on the alternative analysis described above. Once selected, additional information should be provided regarding the selected project. The fully described selected project should include the following items.

1. **Description** – Describe all of the facilities associated with the selected project. This description should incorporate all components of the selected project and may be more detailed than the description provided in the alternatives analysis.
2. **Schematic and map of system's proposed facilities** – Attach a schematic and map of the system which includes the proposed facilities as described above.
3. **Justification** – Describe how this project will solve the problem and provide an analysis of its effectiveness. The justification for the selected project should address its advantages over the other alternatives and state why it is the most cost-effective solution.
4. Describe O&M challenges that the selected project may encounter and describe the proposed solutions needed to meet these challenges.
5. Determine if the project is consistent with local/county planning. List the local/county planning documents used to make such determination.
6. Describe if this project includes any green and resilient components and include cost estimate. Resilience looks to the future rather than the immediate delivery of assistance to a system following an extreme event. "Green" projects as defined by Congress translate to active conservation of resources. For further information, refer to the Drinking Water State Revolving Fund Eligibility Handbook: https://www.epa.gov/sites/production/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf.
7. If the selected project is a consolidation project, list all parties involved and identify the restructuring water system that will remain after the project is complete. A Supplemental Information Form for Consolidation (Appendix A located at: https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/dwsrf_policy/appendix_a.pdf) for each involved water system must be submitted with the application.
8. List any land that will need to be purchased or acquired to complete the construction project. Discuss the necessity for such land and justify the appropriateness of the size of the land being purchased. (NOTE: Only land or land access that is integral to the construction of source, treatment or distribution facilities is eligible for DWSRF funding.)
9. Describe final Plans and Specifications as well as other technical aspects of the project, including the overall conceptual design (e.g. layout, flow diagrams, choice of unit processes, redundancy, reliability features). If plans and specifications are available, include as an attachment.
10. Provide water demand and capacity analysis for the water system that includes the existing facilities and selected project. The analysis should include but may not be limited to max daily demand, fire flow, water demand resultant from growth, and peak hourly demand. The analysis should also describe how industrial and commercial water users impact the water demand.

Projects financed by the DWSRF:

- a. Must be sized to meet existing Maximum Day Demand (MDD)
- b. May be sized to include the design capacity needed to meet the fire protection requirement of the local fire authority, and
- c. May include the design capacity needed for a reasonable amount of population growth expected to occur over a twenty-year period, if documentation is submitted to support the need.

The combined capacity of a, b, and c generally equates to the eligible capacity of a DWSRF funded project. Refer to Appendix I of the DWSRF Policy Handbook, located at

https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/dw_capacity_limitations_final.pdf for additional guidance.

11. **Estimated Useful Life** – List all major project components and identify their estimated useful life. Describe the basis for determining the useful life of each component.

Detailed Cost Estimate for the selected project – Attach a detailed cost breakdown for the project which lists: all major construction components, non-construction costs, operation and maintenance, and ineligible items.

Proposed Schedule – Include a project schedule. Construction projects are required to be completed no later than three years from the funding agreement execution date.

Schematic and map of system's proposed facilities – Include a schematic and map of the proposed project that show all the facilities of the project described above.

Comprehensive Response to Climate Change – Include a detailed description on climate change preparedness. Provide detailed description on vulnerability, adaptation, and mitigation.

1. **Vulnerability** – Provide a detailed description of all effects of climate changes that the proposed facilities are susceptible to. Include critical threshold conditions that may cause damage to the facility or result in loss of services.
2. **Adaptation** – Provide a detailed description of all applied adaptation measures considered by the applicant. Include adaptation measures deemed unnecessary and explain why such measures were eliminated.
3. **Mitigation** – Provide a detailed description of all mitigation measures considered by the applicant. Include mitigation measures deemed unnecessary and explain why such measures were eliminated.
4. **Definitions** – Climate change vulnerability, mitigation, and adaptation are defined below:
 - a. Vulnerability: This term is used to identify effects of climate change that the facility may be susceptible to. Some effects overlap. For example, a treatment facility built on the coast may be severely vulnerable to sea level rise. It would be a poor investment for the State to invest in a treatment facility with an expected useful life of 50 years when the facility is projected to be under water in 20 years due to sea level rise. Coincidentally, as sea level rises, the neighboring groundwater aquifers may be vulnerable to saltwater intrusion and water quality issues. The two effects are related, and both should be discussed in the attachment. Other examples of vulnerability include, water supply depletion, adverse water supply quality, flooding/storm surges, drought, and wild fires.
 - b. Adaptation: This term is used to identify measures taken as a direct response to climate change effects. Multiple measures can be taken in response to a single vulnerability. For example, in response to sea level rise an agency may investigate constructing sea walls or levees in order to prevent flooding. Flood contingencies should also be explored to protect the facility if the levees fail or in the event of severe storm surges.
 - c. Mitigation: This term is used to identify measures taken to slow or stop changes caused by greenhouse gas emissions in the atmosphere. Measures identified in adaptation may also be used for mitigation. For example, water conservation may be an adaptation response to drought vulnerability but a mitigation measure by reducing the energy consumed to move excessive volumes of water. Green roofing as an adaptation measure will help to reduce the heat island effect of an urban community, and as a mitigation measure will reduce the energy consumed to heat and cool the building.

Copy of any permits required as part of this project – Attach permits required as part of this project. This may include, but not limited to, water system's permit, water rights permits, etc.

Supplemental Information Form (Consolidation Projects Only) – Consolidation project applicants must submit a Supplemental Information Form. The form is available as the attachment to the Policy, 'Guidelines for Consolidation Projects':

https://waterboards.ca.gov/drinking_water/services/funding/documents/srf/dwsrf_policy/appendix_a.pdf

Technical, Managerial, and Financial (TMF) Assessment (Attachment T2) – Federal law states that the DWSRF can only fund water systems that demonstrate that they have adequate TMF capacity to operate a public water system satisfactorily. The mandatory TMF elements listed on the TMF Assessment Form must be submitted (**Attachment T2**). Any unaddressed Necessary TMF elements will be listed as financing agreement conditions with the expectation that they be completed prior to project completion. If you need assistance in completing the TMF Assessment Form, please contact the Division of Drinking Water District Office that regulates your water system.

The State Water Board can provide technical assistance to small water systems serving populations less than 10,000 and disadvantaged communities in developing the TMF documents. A disadvantaged community is defined as the entire service area of a community water system in which the median household income is less than eighty percent (80%) of the statewide median household income. Upon receiving such a request, engineers from the District Office or a third-party contractor hired by the State Water Board will visit the water system and provide "hands-on" technical assistance in developing the necessary documents at no cost to the applicant. For more information go to the State Water Board's Website:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/TMF.html

Professional Engineering Services Contract (Attachment T3) – Attach a copy of the professional engineering services contract for each engineering consultant contracted for the project. California Law requires that a professional engineer utilize a written contract when providing professional engineering services. The contract must be executed by both the professional engineer and their client prior to commencing the work. California law requires that the written contract for engineering services must include, but not limited to, all of the following:

1. A description of the services to be provided by the professional engineer
2. A description of any basis of compensation applicable to the contract, and the method of payment agreed upon by the parties
3. Name, address, and license or certificate number of the professional engineer, and the name and address of the client
4. A description of the procedure that the professional engineer and the client will use to accommodate additional services
5. A description of the procedure to be used by any party to terminate the contract
6. Scope of work, cost, deliverable due dates, and a procedure for accommodating any additional services

The professional services contract will form the basis for reimbursement of costs incurred relating to the project. Lack of supporting documentation may result in a denial of the claim.

Plans and Specifications (Attachment T4) – Attach a copy of the final Plans and Specifications, which will be used as the basis of the construction contract. The Plans and Specifications must comply with state and federal regulations.

Section II – Project Summary

Include a clear and concise project summary. You may use the Engineering Report's executive summary.

Section III – Water Rights (Attachment T5)

Description of Water Rights – Describe the nature of the water rights applicable to your water source. Discuss the status of any existing or proposed water acquisitions. Attach water rights documentation related to your water source associated to the project. This may include documents such as permits, licenses, letters of authority, or other agreements showing all water rights owned or controlled by the system.

If you have questions regarding whether a petition is required you may contact the Division of Water Rights at (916) 341-5300 or dwr@waterboards.ca.gov.

1. Description of Water Rights – Surface Water

If the water source for this project is surface water, indicate whether the source of the water is a stream or other surface water body, or subterranean stream flowing through a known and definite channel to another location. If the applicant holds sufficient water rights for the project, provide a copy of water rights and label as Attachment T5. Indicate whether the applicant holds an Appropriative or Riparian water right. Refer to the State Water Board's Water Rights website for further details:

https://www.waterboards.ca.gov/waterrights/board_info/water_rights_process.shtml#law.

- **Appropriative** – If the applicant has an appropriative water right, indicate whether it is a Pre-1914 or a permitted/licensed water right. If Pre-1914, provide a statement that water rights were established prior to 1914, and enter the statement number in the file provided in the construction application. If after 1914, provide a copy of the SWRCB water rights permit or license, and enter the permit or license number provided in the construction application.
- **Riparian** – Provide a statement that water is derived from a surface source pursuant to a riparian right and include a map showing location relative to extraction point.

2. Description of Water Rights – Groundwater

If the water source for this project is groundwater, indicate whether the source is an unadjudicated or adjudicated source.

- **Unadjudicated Basin:** Provide a statement that the groundwater is extracted from a basin that is not adjudicated. Provide copies of the deeds for the parcels of each unadjudicated groundwater source used by the system.
- **Adjudicated Basin:** Attach the deed for the parcels of each adjudicated groundwater source that notes the adjudication or provide documentation of the Basin Water Master's terms of the adjudication as they relate to the water system's right to extract water from the adjudicated basin.

3. Description of Water Rights – Purchased Water

Provide a copy of the water service agreement for purchased water that specifies the duration of the authorization. Be aware that for SWRCB funded projects the long-term use agreements for purchased water must extend for the life of the loan or a minimum of 20 years for grant funded projects. In the construction application, enter the name of the wholesaler and length of the purchasing agreement.

Water Diversion Reporting – Check (✓) the box indicating if you are a water diverter in compliance with Water Code Section 5103. For information see:

https://www.waterboards.ca.gov/waterrights/water_issues/programs/diversion_use/

Section IV – Comprehensive Response to Climate Change

The purpose of this section is for the applicant to identify how the proposed facility is vulnerable to the effects of climate change and the impacts the facility may have on the climate. Investigation into adaption and mitigation measures that lead to responsible resolutions made by the agency will ultimately improve the investments made by the State. Select all boxes applicable to the facility regarding climate change vulnerability, and all boxes considered by the applicant regarding adaptation and mitigation. Each section includes an “Other” box followed by an area to define the unnamed option. Information provided in this section must be supported by the information provided in the Engineering Report.

Section V – Attachment Checklist

All attachments must be submitted to consider this application package complete. Below is a list of the required attachments:

- T1 – Engineering Report**
- T2 – TMF Assessment Form**
- T3 – Contract for Professional Engineering Services**
- T4 – Plans and Specifications**
- T5 – Water Rights Documentation**
- T6 – Comprehensive Response to Climate Change**

TECHNICAL PACKAGE (CONSTRUCTION)

It is important that you read and understand the Application Information and Instructions before you complete this application. Submit this application along with required attachments through the [Financial Assistance Application Submittal Tool \(FAAST\)](#). All fields are required.

Applicant (Entity) Name:
Project Name:
Water System Number:

I. TECHNICAL INFORMATION

1. Attach a complete Engineering Report (label as Attachment T1) **stamped by a registered Professional Engineer.**
2. Attach a copy of the Technical, Managerial, and Financial (TMF) Assessment Form (label as Attachment T2).
3. Attach a copy of the applicable contract for professional engineering services (label as Attachment T3).
4. Attach a copy of Plans and Specifications (label as Attachment T4).

II. PROJECT SUMMARY

III. WATER RIGHTS**DESCRIPTION OF WATER SOURCE** (label as **Attachment T5**):

1. **Surface Water** – Is the source of water for this project a stream or other surface water body, or subterranean stream flowing through a known and definite channel to another location?

☐ No (If No, proceed to question 2.)

☐ Yes - If Yes,

- a. Does the entity currently hold sufficient water rights for the project?

☐ Yes – Provide a copy of the water right(s) (label as **Attachment T5**).

☐ No – Proceed to question 1.b and 1.c.

- b. If a new water right permit is required, has an application for a water right been filed with the State Water Board, Division of Water Rights?

☐ Yes – Provide a copy of the water right application (label as **Attachment T5**).

Provide the status of the Petition for Change or the Order Number and Date of the Order Approving the Change:

☐ NO – Provide the date you anticipate submitting the water right application:

☐ N/A

- c. Is a change to a water right or transfer required to implement the project, and has a Petition for Change been filed with the State Water Board, Division of Water Rights?

☐ Yes – Provide a copy of the Petition for Change (label as Attachment T5).

☐ No – Provide the date you anticipate submitting the Petition for Change:

2. **Groundwater** – Is the groundwater an adjudicated or unadjudicated source?

☐ Unadjudicated (Provide documentation and label as **Attachment T5**).

☐ Adjudicated (Provide documentation and label as **Attachment T5**).

3. **Purchased Water** – Is the water for this project purchased?

☐ Yes ☐ No (If Yes, provide purchasing agreement and label as **Attachment T5**).

Name of Wholesaler:

What is the length of purchasing agreement?

WATER DIVERSION REPORTING

Are you a water diverter in compliance with Water Code Section 5103?

☐ YES ☐ NO

For information see: https://www.waterboards.ca.gov/waterrights/water_issues/programs/diversion_use/

IV. COMPREHENSIVE RESPONSE TO CLIMATE CHANGE

Identify how the proposed project and facility are vulnerable to climate change and the impact they may have on climate change (Include detailed description in Engineering Report, Attachment T1).

1. Vulnerability – Identify effects of climate change to which the facility may be susceptible.

- | | | |
|---|---|---|
| <input type="checkbox"/> Sea Level Rise | <input type="checkbox"/> Water Supply Depletion | <input type="checkbox"/> Water Supply Quality |
| <input type="checkbox"/> Flooding/Storm Surges | <input type="checkbox"/> Drought | |
| <input type="checkbox"/> Other (Explain below): | | |

2. Adaptation – Identify Measures taken in response to climate change.

- | | |
|---|--|
| <input type="checkbox"/> Alternative Energy Sources | <input type="checkbox"/> Drought Resiliency and Flood Contingency |
| <input type="checkbox"/> Permeable Pavements | <input type="checkbox"/> Elevated construction, Sea Walls, and Levees |
| <input type="checkbox"/> Green Roofing | <input type="checkbox"/> Fire Resistant Water Connections and Hydrants |
| <input type="checkbox"/> Additional Storage | <input type="checkbox"/> Other (Explain below): |

3. Mitigation – Identify actions taken to reduce concentration of greenhouse gases in the atmosphere.

- | | |
|---|--|
| <input type="checkbox"/> Renewable Energy Sources | <input type="checkbox"/> Energy Conservation |
| <input type="checkbox"/> Water Conservation | |
| <input type="checkbox"/> Other (Explain below): | |

V. ATTACHMENT CHECKLIST

Check the box next to each item attached to your application and refer to application instructions to ensure completeness of application.

- ☐ T1 – Engineering Report
- ☐ T2 – TMF Assessment Form
- ☐ T3 – Contract for Professional Engineering Services
- ☐ T4 – Plans and Specifications
- ☐ T5 – Water Rights Documentation
- ☐ T6 – Comprehensive Response to Climate Change

**CONFLICT OF INTEREST CODE FOR THE
PANOCHÉ WATER DISTRICT**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regulations, Sec. 18730), which contains the terms of a standard conflict of interest code and can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 ~~and~~ and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices designating positions and establishing disclosure categories shall constitute the Conflict of Interest code of the **Panoche Water District (District)**.

Designated employees shall file their statements with the **District**, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) Statements for all designated employees will be retained by the **District**.

APPENDIX A DESIGNATED POSITIONS

Designated Position	<u>Assigned Disclosure Categories</u>
Ethics & Compliance Officer	2
Water Resources Manager	3 <u>2</u>
Human Resources Generalist	2
Asset Maintenance Manager	2
Manager	
San Joaquin River Improvement Project (SJRIIP) Foreman	3
Chemical Applications Manager	3
Electrician	3
Special Advisor to the Board of Directors	4
General Counsel	1
District Engineer	1
<u>Accounting Supervisor</u>	<u>2</u>
<u>Contracts Administrator</u>	<u>2</u>
Consultants/New Positions	*

Note: The positions of General Counsel, ~~and~~ District Engineer ~~and Special Advisor~~ are filled by outside consultants.

*The General Manager may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's or new position's duties and, based on that description, a statement of the extent of the disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest code. (Gov. Code Sec. 81008.)

Officials Who Manage Public Investments

The following positions are not covered by the Conflict of Interest code because they must file a statement of economic interests pursuant to Government Code Section 87200 and, therefore, are listed for informational purposes only:

Members of the Board of Directors
General Manager
~~Accounting Supervisor/Controller/Treasurer~~ Controller/Treasurer

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Gov. Code Sec. 87200.

APPENDIX B DISCLOSURE CATEGORIES

Disclosure Category 1

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans and travel payments). Real property located within the jurisdiction as well as real property within two miles of the real property used or the potential site.

Disclosure Category 2

Investments, business positions in business entities and sources of income (including receipt of gifts, loans and travel payments) from sources that provide leased facilities, products, equipment, vehicles, machinery or services (including training or consulting services) of the type utilized by the District.

Disclosure Category 3

Investments, business positions in business entities and sources of income (including receipt of gifts, loans and travel payments) from sources that provide leased facilities, products, equipment, vehicles, machinery or services (including training or consulting services) of the type utilized by the Department.

BACK

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations.)

§ 18730. Provisions of Conflict of Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories

are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported,⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;

2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;

3. The address or other precise location of the real property;

4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,⁵ the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$500.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$500 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected

officer has been elected or over which that elected officer's agency has direction and control.

This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed \$500 at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

- a. The date the loan was made.
- b. The date the last payment of \$100 or more was made on the loan.
- c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$500 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The

fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

² See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14).
Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).

9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).
11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).

18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).

19. Editorial correction of subsection (a) (Register 98, No. 47).

20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).

22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District,

nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of History 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of*

Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

32. Amendment of section heading and subsections (a)-(b)(1), (b)(3)-(4), (b)(5)(C), (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) and amendment of footnote 1 filed 1-8-2013; operative 2-7-2013.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2013, No. 2).

33. Amendment of subsections (b)(8.1)-(b)(8.1)(A), (b)(8.2)(E)3. and (b)(9)(E) filed 12-15-2014; operative 1-1-2015 pursuant to section 18312(e)(1)(A), title 2, California Code of Regulations.

Submitted to OAL for filing and printing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2014, No. 51).

34. Redesignation of portions of subsection (b)(8)(A) as new subsections (b)(8)(B)-(D), amendment of subsections (b)(8.1)-(b)(8.1)(A), redesignation of portions of subsection (b)(8.1)(A) as new subsections (b)(8.1)(B)-(C) and amendment of subsection (b)(9)(E) filed 12-1-2016; operative 12-31-2016 pursuant to Cal. Code Regs. tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision,

April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2016, No. 49).

35. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-12-2018; operative 1-11-2019 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing and printing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2018, No. 50).

PANOCHÉ WATER DISTRICT	CURRENT VERSION DATES 3/23/2021	POLICY NUMBER
	RESPONSIBLE FUNCTION: General Manager and Controller	
Policy For Disclosure Procedures	APPROVED BY: Board of Directors	
	ORIGINAL ISSUE DATE 3/23/2021	NEXT REVIEW DATE 3/1/2022

PANOCHÉ WATER DISTRICT

POLICY FOR DISCLOSURE PROCEDURES

PURPOSE

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate key principles and procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the Panoche Water District (the “District”) so as to ensure that the District continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

The District from time-to-time issues certificates of participation, revenue bonds, notes or other obligations (collectively, “Obligations”) to fund or refund capital investments, other long-term programs and working capital needs. These Obligations may be issued directly by the District, on behalf of the District by the Panoche Water District Financing Corporation or the Panoche Financing Authority (collectively, the “Issuer”). In offering Obligations to the public, and at other times when making certain reports, the District and/or the Issuer (if other than the District) must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that investors and potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors and potential investors must not contain any material misstatements, and the District and/or the Issuer (if other than the District) must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the District’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered or alter the total mix of available information.

When the District issues Obligations, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the District, including its financial condition as well as certain operating information (“District Section”), and (iii) various other appendices, including the District’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCESS

When the District determines to issue Obligations, the General Manager requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the District Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the General Manager is responsible for reviewing and preparing or updating certain portions of the District Section which are within their particular area of knowledge. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the Board of Directors, General Manager and General Counsel for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement. The Board of Directors and staff of the District are requested to inform the financing team of any and all material changes that takes place up to and including the closing date of the transaction for review and input.

Members of the financing team, including the Bond Counsel and the District's Municipal Advisor with respect to the Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the District Section. Members of the financing team also assist the District in the development of a "big picture" overview of the District's financial condition, included in the District section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the District.

The General Manager or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes District officials, Bond Counsel, the District's Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel), and new drafts of the forepart of the Official Statement and the District Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among District staff and other members of the financing team to discuss issues which may arise determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes District officials involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of the District's senior officials. This is referred to as a "due diligence" meeting.

A substantially final form of the POS is provided to the District Board of Directors in advance of approval to afford the Board of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Boards of Directors which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior District officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the District Section, if required. If necessary,

to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior District officials (and under certain circumstances the Issuer) execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made, not misleading. General Counsel also provides an opinion letter advising the underwriters that information contained in the section of the OS relating to the District and its operations (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel does not opine on any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

DISTRICT SECTION

The information contained in the District Section is developed by personnel under the direction of the General Manager, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the District Section:

- District staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- District staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the District should consider revisions to the Procedures.
- The process of updating the District Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the District Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The District must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the District, its operations and its finances.

TRAINING

The Procedures shall be provided to all members of senior staff and any other member of the District staff that is involved in the District's disclosure obligations.

Periodic training for the staff involved in the preparation of the Official Statement (including the District Section) is coordinated by the finance team and the General Manager. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the District Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the District Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance or execution and delivery of Obligations, the District has entered into a number of contractual agreements ("Continuing Disclosure Certificates") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The District must comply with the specific requirements of each Continuing Disclosure Certificate. The District's Continuing Disclosure Certificates generally require that the annual reports be filed no later than 270 days after the end of the District's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence. Filing is centralized on the MSRB's Electronic Municipal Market Access ("EMMA") web site and portal.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Certificate.

The General Manager shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

An amendment to Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule") becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the "Effective Date"). As a result, we would expect that with respect to any debt offered publicly by the District or the Issuer after the Effective Date to which the Rule applies, the District will be required to enter into a continuing disclosure certificate pursuant to which it will agree to provide notice on the EMMA electronic reporting system ("EMMA") of the incurrence of any "financial obligation", if material, and will be obligated to disclose default on and certain other information with respect to any "financial obligation" regardless of when the financial obligation was incurred.

The Rule provides a general definition of a "financial obligation." While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines "financial obligation" more broadly to include "a debt obligation, derivative instrument ... or a guarantee of either a debt obligation or a derivative instrument."

To date the SEC has provided limited guidance on the specific application of the definition of “financial obligation”. The SEC release accompanying the final amendment does suggest a key concept is that a “financial obligation” involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a “guarantee” but did indicate that the SEC will not look to state law definitions of a “guarantee” or “debt”.

The District will need to monitor agreements or other obligations entered into by the District or the Issuer after the Effective Date, and any modifications to such agreements or other obligations, carefully to determine whether they constitute “financial obligations” under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if the District or the Issuer receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, the District will need to determine whether such obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (i.e., reduction in overall liquidity, creditworthiness or debt owner’s rights).

Types of agreement or other obligations which are likely to be “financial obligations” under the Rule include:

- 1 Bank loans or other obligations which are privately placed;
- 2 State or federal loans
- 3 Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA.
- 4 Letters of credit, surety policies or other credit enhancement with respect to the District’s publicly offered debt;
- 5 Letters of credit, including letters of credit which are provided to third parties to secure the District or Issuer’s obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the District’s obligations for performance under a mitigation agreement);
- 6 Capital leases for property, facilities, fleet or equipment; and
- 7 Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law);

Types of agreements which could be a “financial obligation” under the Rule include:

- 1 Payment agreements which obligate the District or the Issuer to pay a share of another public agency’s debt service (for example, an agreement with a joint powers agency whereby the District or the Issuer agrees to pay a share of the joint powers agency’s bonds, notes or other obligations);
- 2 Service contracts with a public agency or a private party pursuant to which the District or Issuer is obligated to pay a share of such public agency or private party’s debt service obligation (for example, certain types of P3 arrangements);
- 3 Water purchase, water banking or other similar agreements pursuant to which the District or the Issuer is obligated to pay amounts expressly tied to the other party’s debt service obligations, regardless of whether service is provided or not; and
- 4 Water purchase, water banking or similar agreements which include a rate component that expressly passes through debt service or capital obligation of the other party.

Types of agreements which may be a “financial obligation” subject to the Rule include:

- 1 Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

Debt management staff will continue to work with General Counsel and bond counsel to refine the definition of financial obligation going forward based on future SEC guidance, if any.

INFORMATION/STATEMENTS AVAILABLE TO THE PUBLIC

The OMS released a bulletin on February 7, 2020 which states that, in the view of the OMS, the antifraud provisions of SEC Rule 10b-5 apply to all municipal issuer statements that provide information that is reasonably expected to reach investors and the trading markets regardless of the intended primary audience and the medium of delivery. The following sections provide guidance to District staff and officials with respect to information and statements relating to the District that could reach the investment market outside of the context of Official Statements or in Annual Reports.

1. Information on the District Website. The SEC Commission has noted that, in circumstances where it is not apparent to the reasonable person that the posted materials or statements on a public company's website speak as of a certain date or earlier period, previously posted materials or statements that have been put on a public company's website should be separately identified as historical or previously posted materials or statements, and located in a separate section of the website.

When placing or updating information or reports on the District website, historical information should be clearly identified and located in separate section of the website. For example, when uploading the District's annual Comprehensive Annual Financing Reports, the most recent Comprehensive Annual Financing Report should be clearly identified and posted in a separate section from prior year Comprehensive Annual Financing Reports.

Hyperlinks to third-party websites on the District's website should be avoided when possible. If hyperlinks to third-party websites are included on the District's website, an appropriate disclaimer to the effect that the District has not verified and is not responsible for the information on such third-party website should be included. In addition, statements as to why the District is including the hyperlink on its website, the nature of the hyperlink, and use of disclaimers, "exit notices," or "intermediate screens" should be included or employed, as appropriate. District staff are encouraged to reach out to debt management staff and General Counsel for guidance with respect to the inclusion of hyperlinks to third-party websites on the District's website.

In summaries of events or developments with respect to the District included on the District's website, consideration should be given as to whether such summaries provide sufficient context so as to not be misleading. If additional information is necessary to provide sufficient context to the summary, a hyperlink to such information should be used.

2. Public Reports. The SEC has cited certain reports, including those that are produced by the District (Comprehensive Annual Financing Reports, budgets, and other financial reports), as information reasonably expected to reach investors and the trading markets, and therefore subject to the antifraud provisions, even if not filed with EMMA.

Reports produced by the District, including staff reports for agenda items and those that may be provided to other governmental bodies or regulators should include appropriate disclaimer language. District staff should contact debt management staff and General Counsel for disclaimer language before any reports that could reasonably reach investors are finalized and made available to the public.

3. Statements Made by District Officials. When making public statements, including verbal statements, District elected officials and staff should give consideration as to whether such statements can reasonably be expected to reach investors and if so, whether such statements could be materially misleading. District officials are encouraged to clearly identify when a public statement relating to the District is a personal expression of opinion. District elected officials and staff should contact debt management staff and General Counsel for guidance if there is a question as to whether statements, including verbal statements, can be reasonably expected to reach investors and whether such statements could be materially misleading.

BACK

CERTIFICATION AND RECEIPT OF UNDERSTANDING

I certify that I have received a copy of the Panoche Water District Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principals and requirements in the Disclosure Procedures.

Name: _____

Title: _____

Date: _____

PANOCHÉ WATER DISTRICT**2022 Quarterly Investment Report
For Quarter Ending March 31, 2022**

DATE: May 10, 2022

TO: Board of Directors

FROM: Marlene Brazil

In accordance with Government Code Section 53646 and the Panoche Water District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Panoche Water District:

	MECHANICS BANK (3 ACCTS)	LAIF	TOTAL
INVESTMENT BALANCES March 31, 2022	*\$ 833,489.65	\$ 4,545,522.32	\$ 5,379,011.97

1. As of the date of the report, the majority of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts Mechanics Bank. Therefore, as provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District's Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and reimbursements from other agencies.

PANOCHE WATER DISTRICT QUARTERLY FINANCIAL STATUS	
CASH BOOK ACCOUNTS AS OF 3/31/2022	
PANOCHE WATER DISTRICT	
Balance as per bank statement	\$390,043
<u>Reconciling Items</u>	
Add: Outstanding deposits	-
Deduct: Outstanding checks	\$3,177
Balance as reported in the general ledger account	\$386,866
PANOCHE WATER DISTRICT PAYROLL	
Balance as per bank statement	\$100,003
<u>Reconciling Items</u>	
Add: Outstanding deposits	-
Deduct: Outstanding checks	-
Balance as reported in the general ledger account	\$100,003
PANOCHE WATER DISTRICT 2021 BOND ACQUISITION FUND	
Balance as per bank statement	\$346,621
<u>Reconciling Items</u>	
Add: Outstanding deposits	-
Deduct: Outstanding checks	-
Balance as reported in the general ledger account	\$346,621
PANOCHE WATER DISTRICT LAIF ACCOUNT	
LAIF Account balance as of 3/31/2022	\$3,376,714
PANOCHE WATER DISTRICT 2021 LAIF REVENUE BONDS	
LAIF Account balance as of 3/31/2022	\$1,168,809
TOTAL OF GENERAL LEDGER ACCOUNT BALANCES AND LAIF	\$5,379,012

**General Ledger Detail Report
Summary Report for Period 01 Ending 3/31/2022**

Account Number/Description	PANOCHE WATER DISTRICT (PWD)				
	Beginning Balance	Debit	Credit	Net Change	Ending Balance
13112-000					
MECHANIC CKNG #*****8566	142,411.21	1,191,972.72	947,517.92	244,454.80	386,866.01
13412-000					
MECHANIC PR#*****7895	28,911.18	210,000.00	138,908.51	71,091.49	100,002.67
13465-000					
2021 REVENUE BONDS - LAIF	1,167,888.30	920.33	0.00	920.33	1,168,808.63
13470-000					
CONTRACTUAL OBLIGATION FUND #9745	346,609.19	11.78	0.00	11.78	346,620.97
13520-000					
LOCAL AGENCY INVESTMENT FD	3,973,256.98	3,456.71	600,000.00	596,543.29-	3,376,713.69
Report Total:	<u>5,659,076.86</u>	<u>1,406,361.54</u>	<u>1,686,426.43</u>	<u>280,064.89-</u>	<u>5,379,011.97</u>



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name

PANOCHE WATER DISTRICT

Account Number

90-10-005

As of 04/15/2022, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2022.

Earnings Ratio		.00000875657176851
Interest Rate		0.32%
Dollar Day Total	\$	394,755,846.80
Quarter End Principal Balance	\$	3,373,256.98
Quarterly Interest Earned	\$	3,456.71

**2021 REVENUE BONDS - LAIF****BETTY T. YEE****California State Controller****LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE**

Agency Name PANOCHÉ WATER DISTRICT

Account Number 11-10-004

As of 04/15/2022, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2022.

Earnings Ratio		.00000875657176851
Interest Rate		0.32%
Dollar Day Total	\$	105,101,211.00
Quarter End Principal Balance	\$	1,167,888.30
Quarterly Interest Earned	\$	920.33

Mechanics Bank
P.O. Box 6010
Santa Maria, CA 93456-6010
800.797.6324
www.mechanicsbank.com

Statement Ending 03/31/2022

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PANOCHE WATER DISTRICT
O & M ACCOUNT
52027 W ALTHEA AVE
FIREBAUGH CA 93622-9401

Managing Your Accounts

	Client Services	800.797.6324
	Online	www.mechanicsbank.com
	Mobile	Download Our Mobile Apps

LIMITED TIME OFFER¹

2.99%
APR²

Prime +1%, years 2-5²

EQUIPMENT FINANCING

Great rates for the equipment you need

Learn more at www.MechanicsBank.com/GetEquipment



1) Offer is effective as of 10/1/2021 and is subject to change or cancellation without notice. See banker for details. 2) First year interest rate will have a promo of 2.99%. Years 2 – 5 will have an interest rate at Prime + 1% fixed at signing. As of 10/8/21, the Prime Rate is 3.25%. Pricing subject to change. Prepayment penalty in the first 2 years. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." Offer is for new 5-year term loan up to \$250,000 on new equipment only and does not apply to the refinance of existing loans.

Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX8566	\$390,043.39

PUBLIC CHECKING-XXXXXXXX8566

Account Summary

Date	Description	Amount
03/01/2022	Beginning Balance	\$320,922.53
	24 Credit(s) This Period	\$1,191,972.72
	118 Debit(s) This Period	\$1,122,851.86
03/31/2022	Ending Balance	\$390,043.39

Electronic Credits

Date	Description	Amount
03/02/2022	Remote Deposit	\$1,478.48
03/02/2022	Remote Deposit	\$5,788.18
03/04/2022	GOV DEALS 3907 GDUSFSSACH 32241	\$6,400.00
03/04/2022	Remote Deposit	\$128.39
03/04/2022	Remote Deposit	\$895.00
03/04/2022	Remote Deposit	\$114,519.76
03/08/2022	Remote Deposit	\$7,909.81
03/09/2022	Wire/In/121102036///PANOCHE DRAINAGE DISTRICT	\$51,090.34
03/09/2022	JE-1 MARCH 2022 LOAN INSTALLMENT PAYMENT	\$12,810.00
03/11/2022	GRASSLAND BASIN ACH Pmt 5322081893	\$17,419.00
03/11/2022	Wire/In/121140218/WESTAMERICA BANK//STATE OF CALIFORNIA	\$600,000.00
03/11/2022	Remote Deposit	\$83,008.80

Mechanics Bank

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800.797.6324
www.mechanicsbank.com

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PANOCHE WATER DISTRICT
PAYROLL ACCOUNT
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FIREBAUGH CA 93622-9401

Statement Ending 03/31/2022

Page 1 of 4

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	Client Services	800.797.6324
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	Mobile	Download Our Mobile Apps

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2.99%
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Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXXX7895	\$100,002.67

PUBLIC CHECKING-XXXXXXXXX7895

Account Summary

Date	Description	Amount
03/01/2022	Beginning Balance	\$31,317.49
	3 Credit(s) This Period	\$210,000.00
	17 Debit(s) This Period	\$141,314.82
03/31/2022	Ending Balance	\$100,002.67

Electronic Credits

Date	Description	Amount
03/02/2022	JE-334 TRANSFER FUNDS FOR PAYROLL	\$70,000.00
03/16/2022	JE-9 TRANSFER FUNDS FOR PAYROLL	\$70,000.00
03/31/2022	JE-21 TRANSFER FUNDS FOR PAYROLL	\$70,000.00

Electronic Debits

Date	Description	Amount
03/04/2022	IRS USATAXPYMT 270246310351187	\$15,103.19
03/04/2022	PANOCHWATERDIST PE02/28/22 XXXXX2036	\$36,750.24
03/07/2022	EMPLOYMENT DEVEL EDD EFTPM 143032096	\$2,695.78
03/07/2022	JOHN HANCOCK ACH DEBIT 0046568	\$8,135.40
03/18/2022	IRS USATAXPYMT 270247703441055	\$16,415.90
03/18/2022	PANOCHWATERDIST PE03/15/22 XXXXX2036	\$37,653.30

P.O. Box 6010
 Santa Maria, CA 93456-6010
 800.797.6324
 www.mechanicsbank.com

Statement Ending 03/31/2022

Page 1 of 4

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PANOCHE WATER DISTRICT
 CONTRACTUAL OBLIGATION FUND
 52027 W ALTHEA AVE
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Managing Your Accounts



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2.99%
APR²

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The "Per Check Charge" defined on your statement represents a \$15 charge for each check that exceeds the six check limitation on your account. Refer to Mechanics Bank's Account Agreement for additional information.

Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC MONEY MARKET	XXXXXXXXX9745	\$346,620.97

PUBLIC MONEY MARKET-XXXXXXXXX9745

BACK

Account Summary

Date	Description	Amount
03/01/2022	Beginning Balance	\$346,609.19
	1 Credit(s) This Period	\$11.78
	0 Debit(s) This Period	\$0.00
03/31/2022	Ending Balance	\$346,620.97

Interest Summary

Description	Amount
Annual Percentage Yield Earned	0.04%
Interest Days	31
Interest Earned	\$11.78
Interest Paid This Period	\$11.78
Interest Paid Year-to-Date	\$27.02

Other Credits

Date	Description	Amount
03/31/2022	INTEREST	\$11.78

Daily Balances

Date	Amount
03/31/2022	\$346,620.97



PANOCHE WATER DISTRICT				
ACCOUNTS PAYABLE LIST				
PAYMENTS RUN FROM 4/13/2022 TO 5/10/2022				
		MECHANICS O & M CHECKING # 8566		
	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	MEMO
4/13/2022	40264	ACWA	\$ 26,278.33	3RD QTR 2022 WORKERS COMPENSATION INSURANCE
4/13/2022	40265	JUAN CADENA	\$ 25.00	FUEL # 12C
4/13/2022	40266	GILTON SOLID WASTE INC.	\$ 405.22	MAR 2022 WASTE SERVICE
4/13/2022	40267	MCGUIRE BOTTLED WATER	\$ 122.25	DRINKING WATER
4/13/2022	40268	WALPOLE & CO.	\$ 306.25	IT SUPPORT
4/22/2022	40269	AMAZON/SYNCB	\$ 2,761.99	DISTRICT SUPPLIES
4/22/2022	40270	APPL, INC.	\$ 439.50	GBP & IRRIGATION WATER SAMPLES
4/22/2022	40271	BAKER MANOCK & JENSEN	\$ 76.83	MARCH 2022 LEGAL SERVICES
4/22/2022	40272	BATTERY RECYCLERS OF AMERICA	\$ 447.00	PICKUP & RECYCLE APC BACKUP BATTERIES
4/22/2022	40273	BRYANT L. JOLLEY	\$ 850.00	MARCH 2022 ACCOUNTING SERVICES
4/22/2022	40274	CYGNET ENTERPRISES WEST	\$ 16,625.45	750 GALLONS ARGOS @ \$ 22.17 PER GALLON
4/22/2022	40275	CLARK PEST CONTROL	\$ 584.00	DISTRICT PEST CONTROL
4/22/2022	40276	LIGHTHOUSE DOCUMENT TECHNOLOGIES, INC.	\$ 315.00	FEB & MAR 2022 LEGAL SUPPORT
4/22/2022	40277	FASTENAL COMPANY	\$ 612.20	RESTOCK BOLTS & TERMINAL END ASSORTMENT
4/22/2022	40278	FEDERAL EXPRESS	\$ 678.81	SLDMWA WATER SAMPLE SHIPPING
4/22/2022	40279	CORELOGIC INFORMATION SOLUTIONS	\$ 200.00	MAR 2022 APN RESEARCH
4/22/2022	40280	FRASIER IRRIGATION INC.	\$ 12,350.82	2 MONTHS DMC WELLS MAIN LINE RENTAL
4/22/2022	40281	HOFFMAN SECURITY	\$ 341.40	OFFICE & SHOP SECURITY
4/22/2022	40282	HOLT OF CALIFORNIA	\$ 65.14	SERVICE # 75A & # 75D
4/22/2022	40283	HOME DEPOT CREDIT SERVICES	\$ 375.31	SUPPLIES FOR #64A & # 62B, # 97.5 TURNOUT DWR AQUADUCT, SPRAY TRUCK, METER SHOP & SHRINK WRAP
4/22/2022	40284	KCOE ISOM, LLP	\$ 2,315.00	FOR BATTERIES
4/22/2022	40285	LAW OFFICES OF WILLIAM C. HAHESEY	\$ 945.00	FEB 2022 ACCOUNTING SERVICES
4/22/2022	40286	MCCORMICK BARSTOW LLP	\$ 2,240.50	MAR 2022 LEGAL SERVICES
4/22/2022	40287	MOORE TWINNING	\$ 80.00	NOV 2021, JAN 2022 & MAR 2022 LEGAL SERVICES
4/22/2022	40288	N & S TRACTOR	\$ 835.23	WATER SAMPLES - DOMESTIC PLANT
4/22/2022	40289	PEGBOARD	\$ 308.70	PARTS FOR # 70
4/22/2022	40290	PIONEER LAW GROUP, LLP	\$ 850.00	REGULAR & WINDOWED ENVELOPES
4/22/2022	40291	SAVEMART SUPERMARKET	\$ 531.14	FEB 2022 LEGAL SERVICES
4/22/2022	40292	SORENSEN'S TRUE VALUE	\$ 54.35	SNACKS FOR THE OFFICE
4/22/2022	40293	THARP'S FARM SUPPLY	\$ 347.78	GLOVES FOR CHEMICAL USE
4/22/2022	40294	THOMAS LAW GROUP	\$ 787.50	PARTS FOR # 12
4/22/2022	40295	UPL NA INC.	\$ 88,136.16	MAR 2022 LEGAL SERVICES
4/22/2022	40296	WATER RECLAMATION	\$ 21,641.16	1,000 GALLONS TETON @ \$ 88.14 PER GALLON
4/22/2022	40297	WESTSIDE WATER	\$ 2,641.42	REPAIR # 6E WELL # 4, CHECK ELECTRICAL # 6E PUMP # 5 & BOOSTER PUMP HARDLINE TO DMC DISCHARGE
4/22/2022	40298	WORLD OIL ENVIRONMENTAL SERVICES	\$ 260.00	WEEKLY CHECKS AT THE DOMESTIC TREATMENT PLANT
4/22/2022	40299	WINDECKER INC.	\$ 154.04	USED OIL & OIL FILTER DISPOSAL
4/22/2022	40300	ALEX AUTO & SMOG	\$ 130.00	5 GALLONS OF OIL FOR # 48
4/22/2022	40301	LIEBERT CASSIDY WHITMORE	\$ 741.00	DIAGNOSTICS # 05A
5/10/2022	40302	ACWA/JPIA	\$ 45,792.91	FEB 2022 LEGAL SERVICES
5/10/2022	40303	DARRELL ARENA	\$ 150.00	JUNE 2022 INSURANCE - HEALTH \$ 40,103.27, DENTAL \$ 2,740.37, VISION \$ 464.00, LIFE \$ 134.61 & PDD REIMBURSEMENT \$ 2,350.66
				REPAIR KITCHEN OUTLET

	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	MEMO
5/10/2022	40304	BOB'S TIRE	\$ 143.27	SERVICE # 2 & # 12
5/10/2022	40305	BRENNTAG PACIFIC, INC.	\$ 965.89	265 GALS CHLORINE FOR DOMESTIC TREATMENT PLANT
5/10/2022	40306	BRYCE ROSE MOBILE EQUIPMENT REPAIR	\$ 1,250.00	REPAIR # 70 & # 75D
5/10/2022	40307	LORENA CHAGOYA	\$ 70.00	LUNCH MEETING
5/10/2022	40308	DEPARTMENT OF MOTOR VEHICLES	\$ 492.00	TITLE TRANSFER FEE FOR # 16B
5/10/2022	40309	FASTENAL COMPANY	\$ 244.69	FASTENERS FOR SHOP
5/10/2022	40310	FEDERAL EXPRESS	\$ 365.94	WATER SAMPLE SHIPPING - GBP
5/10/2022	40311	FRONTIER COMMUNICATION	\$ 586.10	APRIL 2022 TELEPHONE
5/10/2022	40312	GRASSLAND BASIN AUTHORITY	\$ 43,620.02	JAN - MAR 2022 RED DIESEL 8,116.4 GALS \$ 43,067.23 & UNLEADED 124.5 GALS \$ 552.79
5/10/2022	40313	GUTHRIE PETROLEUM	\$ 11,968.26	1,510 GALS UNLEADED @ \$ 5.00 & 750 GALS DIESEL @ \$ 5.89
5/10/2022	40314	HALLMARK GROUP	\$ 2,950.00	MAR 2022 PROFESSIONAL FEES
5/10/2022	40315	HOLT OF CALIFORNIA	\$ 487.73	REPAIR # 75A & # 75D
5/10/2022	40316	MERCED TRUCK & TRAILER	\$ 46.83	MUD FLAPS FOR # 32
5/10/2022	40317	N & S TRACTOR	\$ 54.02	PARTS FOR # 70
5/10/2022	40318	PACIFIC GAS & ELECTRIC	\$ 99,537.60	APR 2022 ELECTRICAL POWER
5/10/2022	40319	PURCHASE POWER	\$ 320.99	REFILL POSTAGE
5/10/2022	40320	THARP'S FARM SUPPLY	\$ 110.34	PARTS FOR # 12
5/10/2022	40321	UNWIRED BROADBAND, INC.	\$ 549.99	MAY 2022 INTERNET SERVICES
5/10/2022	40322	WATER RECLAMATION	\$ 727.51	PARTS FOR DMC WELLS
5/10/2022	40323	XIO, INC.	\$ 94.00	CLOUD BASED MONITORING SERVICE - DOMESTIC PLANT
4/13/2022	W00773	PAI SERVICES, LLC	\$ 122.93	MAR 2022 SAGE TIME SUPPORT
4/14/2022	W00774	SL & DM WATER AUTHORITY	\$ 5,675.55	2021 NORTH OF DELTA WATER TRANSFER
4/14/2022	W00775	WELTY WEAVER & CURRIE	\$ 19,853.13	FEB & MAR 2022 LEGAL SERVICES
4/14/2022	W00776	US BUREAU OF RECLAMATION	\$ 104,981.10	MAR 2022 USBR WATER COSTS SLC \$ 53,278.48 & DMC \$ 10,501.14, SLC WARREN ACT COSTS JAN 2022 \$ 14,247.50, FEB 2022 \$ 11,915.00 & MAR 2022 \$ 10,659.48, MAR 2022 RESTORATION WATER COSTS FOR SLC \$ 2,001.38 & DMC \$ 2,378.12
4/14/2022	W00777	SLDM WATER AUTHORITY	\$ 165,468.29	MAR 2022 SLC SLDMWVA CONVEYANCE COSTS
4/19/2022	JE-38	TRANSFER FUNDS FOR PAYROLL	\$ 60,000.00	PAYROLL DATED 4/20/2022
5/2/2022	JE-48	TRANSFER FUNDS FOR PAYROLL	\$ 80,000.00	PAYROLL DATED 5/5/2022
5/3/2022	W00778	WESTAMERICA VISA	\$ 1,231.71	MICROWAVE FOR DISTRICT HOUSE # 6 - RETURNED ON NEXT BILLING, FUEL FOR # 12C, 1ST QTR 22 STATE & FEDERAL PR TAX FILING FEE, BUSINESS LUNCHES, CEQA FILING + FEE, REPAIR & SERVICE # 18A, DISTRICT EMAILS & FINAL BILL FOR UPS
			\$ 834,720.28	
		MECHANICS PAYROLL CHECKING # 7895		
	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	MEMO
4/13/2022	3101	PRINCIPAL LIFE INSURANCE COMPANY	\$ 886.14	APR 2022 EE PAID INSURANCE
4/19/2022	3106	PRINCIPAL LIFE INSURANCE COMPANY	\$ 886.14	MAY 2022 EE PAID INSURANCE
4/19/2022	JE-39	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$ 3,021.13	STATE PAYROLL TAX DEPOSIT
4/19/2022	JE-40	INTERNAL REVENUE SERVICE	\$ 16,802.14	FEDERAL PAYROLL TAX DEPOSIT
4/19/2022	JE-41	JOHN HANCOCK	\$ 8,693.84	401K RETIREMENT
4/19/2022	PR-1436	NET PAYROLL	\$ 44,444.76	PAYROLL DATED 4/20/222
4/28/2022	PR-1437	NET PAYROLL	\$ 2,289.50	PAYROLL DATED 4/29/2022
4/28/2022	PR-1438	NET PAYROLL	\$ 1,570.36	PAYROLL DATED 4/29/2022
4/29/2022	JE-44	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$ 126.55	STATE PAYROLL TAX DEPOSIT
4/29/2022	JE-45	INTERNAL REVENUE SERVICE	\$ 714.59	FEDERAL PAYROLL TAX DEPOSIT
4/29/2022	JE-46	JOHN HANCOCK	\$ 498.89	401K RETIREMENT

5/3/2022	PR-1439	NET PAYROLL	\$ 40,782.69	PAYROLL DATED 5/5/2022
	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	MEMO
5/4/2022	JE-52	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$ 2,585.36	STATE PAYROLL TAX DEPOSIT
5/4/2022	JE-53	INTERNAL REVENUE SERVICE	\$ 14,898.97	FEDERAL PAYROLL TAX DEPOSIT
5/4/2022	JE-54	JOHN HANCOCK	\$ 7,947.30	401K RETIREMENT
		TOTAL	\$ 146,148.36	

BACK

PANOCHE WATER DISTRICT					
FYE 2023 BUDGET (March 1, 2022 - February 28, 2023) - Adopted Feb 22, 2022					
March thru April - 17%		Budget	Actual	REMAINING BALANCE	
Operating Revenues					
1	Supplemental Water	\$ 10,362,366	\$ 8,774,276	\$ 1,588,090	85%
2	Operations & Maintenance	\$ 5,861,058	\$ 154,729	\$ 5,706,329	3%
3	Fresno/Merced Counties - 2021 CVP Bond	\$ 1,509,263		\$ 1,509,263	0%
4	Labor Reimbursements	\$ 583,740	\$ 28,214	\$ 555,526	5%
5	Other Revenues	\$ 250,000	\$ 27,157	\$ 222,843	11%
6	Reimbursed Expenses	\$ 200,000	\$ 35,783	\$ 164,217	18%
7	Domestic Water Treatment Plant	\$ 140,000		\$ 140,000	0%
8	Sustainable Groundwater Management ¹	\$ 46,497		\$ 46,497	0%
9	CVP AG Water Contract	\$ -		\$ -	0%
Total Revenue		\$ 18,952,924	\$ 9,020,159	\$ 9,932,765	48%
Operating Expenses					
Water					
10	Supplemental Water	\$ 10,362,366	\$ 262,419	\$ 10,099,947	3%
11	Planning & Engineering	\$ 150,000	\$ 11,411	\$ 138,589	8%
12	CVP Water Contract	\$ -	\$ 8,031	\$ (8,031)	
		\$ 10,512,366	\$ 281,861	\$ 10,230,505	3%
Administration					
13	2021 CVP Bond	\$ 928,866		\$ 928,866	0%
14	Legal	\$ 600,000	\$ 11,786	\$ 588,214	2%
15	2021 CVP Bond Assessment Refund	\$ 580,397		\$ 580,397	0%
16	Salaries and Wages	\$ 569,425	\$ 103,834	\$ 465,591	18%
17	Employees' Benefits	\$ 202,961	\$ 42,509	\$ 160,452	21%
18	SLDMWA Activity Agreements	\$ 186,146	\$ 89,110	\$ 97,036	48%
19	SLDMWA DHCCP Bond Payment	\$ 148,592		\$ 148,592	0%
20	Directors' Benefits	\$ 138,352	\$ 16,466	\$ 121,886	12%
21	Insurance	\$ 127,750	\$ 47,376	\$ 80,374	37%
22	SWRCB Water Rights Fee	\$ 125,000		\$ 125,000	0%
23	Other Supplies & Services	\$ 105,000	\$ 36,168	\$ 68,832	34%
24	Payroll Burden	\$ 68,642	\$ 9,462	\$ 59,180	14%
25	Professional Services	\$ 60,000	\$ 10,235	\$ 49,765	17%
26	Annual Audits	\$ 50,000		\$ 50,000	0%
27	Central Delta-Mendota Region SGMA ¹	\$ 46,497		\$ 46,497	0%
28	Communications	\$ 45,000	\$ 10,871	\$ 34,129	24%
29	Conferences and Trainings	\$ 45,000	\$ 2,267	\$ 42,733	5%
30	Utilities	\$ 30,000	\$ 2,452	\$ 27,548	8%
		\$ 4,057,629	\$ 382,537	\$ 3,675,092	9%

March thru April - 17%		Budget	Actual	REMAINING BALANCE	
Operations & Maintenance					
31	Energy	\$ 1,440,000	\$ 35,984	\$ 1,404,016	2%
32	Salaries and Wages	\$ 1,258,610	\$ 135,807	\$ 1,122,803	11%
33	Employees' Benefits	\$ 431,839	\$ 59,796	\$ 372,043	14%
34	Pumps & Structures Repairs	\$ 250,000	\$ 40,451	\$ 209,549	16%
35	Payroll Burden	\$ 197,481	\$ 10,193	\$ 187,288	5%
36	Reimbursable Expenses	\$ 200,000	\$ 8,697	\$ 191,303	4%
37	Chemical Application	\$ 170,000	\$ 440	\$ 169,560	0%
38	Domestic Water Treatment Plant	\$ 140,000	\$ 12,102	\$ 127,898	9%
39	Fuel & Oil	\$ 90,000	\$ 6,524	\$ 83,476	7%
40	Capital Cost - Depreciation	\$ 75,000		\$ 75,000	0%
41	Equipment Repairs	\$ 50,000	\$ 6,241	\$ 43,759	12%
42	Vehicle Repairs & Maintenance	\$ 45,000	\$ 3,088	\$ 41,912	7%
43	Buildings Repairs & Maintenance	\$ 20,000	\$ 2,320	\$ 17,680	12%
44	Laboratory - Water Testing	\$ 15,000	\$ 410	\$ 14,590	3%
		\$ 4,382,929	\$ 322,053	\$ 4,060,876	7%
Total Expenses					
		\$ 18,952,924	\$ 986,451	\$ 17,966,474	5%
Net Revenue/(Deficit)					
			\$ 8,033,708		
1 SGMA Costs historically billed on an pro-rata acreage basis					

BACK

PANOCHE WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



REGULAR BOARD MEETING MEMORANDUM

TO: BOARD OF DIRECTORS

FROM: ARA AZHDERIAN, GENERAL MANAGER

SUBJECT: AGENDA ITEM 18B
TIERED O&M RATES

DATE: MAY 10, 2022

CC: JUAN CADENA, WATER RESOURCES MANAGER

Background: Staff was asked to examine two potential O&M rate adjustments. Scenario One would set rates higher for growers utilizing the District's conveyance system for groundwater and degrading water quality and Scenario Two would set rates lower for growers transferring surface supplies into the District and improving water quality. Staff has not yet identified a method to value the degradation of water quality so, at this time, has no recommendation for Scenario One. Staff offers two potential alternatives to implement Scenario Two.

Alternative 1: This approach would keep the established 2022-23 O&M rate at \$182.30 per acre-foot delivered for all District controlled water and set a second O&M rate at \$155.00 per acre-foot delivered for all grower water transferred into the District. This approach would result in an estimated \$131,800 deficit for the fiscal-year.

Alternative 2: This approach would set a set a second O&M rate at \$155.00 per acre-foot delivered for all grower water transferred in and raise the established 2022-23 O&M rate to \$187.13 per acre-foot delivered for all District controlled water. This approach would result in an estimated break-even for the fiscal-year.

BACK



RatingsDirect®

Summary:

Panoche Water District, California Panoche Financing Authority; Water/Sewer

Primary Credit Analyst:

Chloe S Weil, San Francisco + 1 (415) 371 5026; chloe.weil@spglobal.com

Secondary Contact:

Malcolm N D'Silva, Centennial + 1 (303) 721 4526; malcolm.dsilva@spglobal.com

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Rating Action

Stable Outlook

Related Research

Summary:

Panoche Water District, California

Panoche Financing Authority; Water/Sewer

Credit Profile

US\$10.29 mil rev bnds (Panoche Wtr Dist) ser 2021A dtd 07/21/2021 due 09/01/2051

<i>Long Term Rating</i>	BBB+/Stable	New
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US\$8.11 mil Rev Bnds (Panoche Wtr Dist) (Taxable) ser 2021B dtd 07/21/2021 due 09/01/2051

<i>Long Term Rating</i>	BBB+/Stable	New
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Rating Action

S&P Global Ratings assigned its 'BBB+' long-term rating to the Panoche Financing Authority, Calif.'s approximately \$10.3 million series 2021A and \$8.1 million series 2021B taxable revenue bonds issued on behalf of the Panoche Water District. The outlook is stable.

Proceeds from the series 2021A bonds will be used to prepay the district's capital obligation to the Bureau of Reclamation (the Bureau) and convert its Central Valley Project (CVP) water supply contract to a 9(d) permanent contract from a 9(e) contract. As authorized under the Water Infrastructure Improvements for the Nation (WIIN) Act, reclamation contractors may receive 9(d) permanent contracts if they prepay their allocated share of known CVP construction costs. The permanent contractual right thereby eliminates potential contract renewal risk, administrative costs, and certain limitations on corporate farming. The district estimates that the financing after prepayment will provide a cost savings for its customers in all years where the CVP water allocation is greater than zero percent. Nevertheless, the amended contract does not give higher priority to the district's water rights.

Series 2021B bond proceeds will also be used to fund a settlement payment of approximately \$7.5 million to the Bureau and approximately \$1.1 million to the San Luis & Delta-Mendota Water Authority, both of which relate to the unauthorized diversion of federal-owned water between 2009 and 2015. There is no parity debt outstanding.

We consider the bond provisions to be permissive. The rate covenant (1.25x) may include money set aside in a rate stabilization fund (RSF), which is currently funded at \$1.3 million. There is no obligation to replenish the RSF if it is drawn down. The district has authorized a Proposition 218 special assessment established at 1.30x projected annual debt service on the bonds, but may lower the assessment at any time, which in our view, would put negative pressure on the rating. Management has represented that the district does not expect to lower the assessment until it is eligible for collection under the Teeter Plans of Fresno and Merced Counties, at the earliest. If the special assessment and RSF balance is insufficient, debt service may also be paid from the system's net revenues. However, any surpluses from the special assessment are either rebated back to the district's customers at the end of the fiscal year or applied to general system operations and are not retained in the RSF.

Credit overview

The district provides irrigation water to farms across approximately 38,231 acres of land on the west side of the San Joaquin Valley. The service area has limited access to groundwater, thus highlighting the district's critical role in the region. Nevertheless, the district has a volatile and unpredictable water supply from the Bureau of Reclamation's Central Valley Project – with a zero percent allocation for CVP contract water entitlements in the current water year due to drought conditions.

The district augments this supply with one-year and multi-year supplemental water purchases; it can carryover some portion of its CVP allocation in wet years for delivery in future water years, which mitigates some risks related to low-CVP years. Otherwise, there are limited opportunities for water banking, drain water recapture, or local storage. When CVP allocations are insufficient, the district may rely on reserves to prepay for higher-cost supplemental water acquisitions that are billed and collected from growers as needed. The district maintains very thin cash reserves (\$4.8 million as of February 2021, or less than one-third annual water supply costs) thus any incapacity to cover supplemental water acquisitions through multiple years of drought or cash draw-downs to sufficiently fund operations could pressure the rating downward. We understand the district expects to bolster cash reserves to \$9.9 million by the end of fiscal 2022, which we consider adequate for the rating level.

The enterprise risk profile is supported by our assessment of the following factors:

- Agricultural-based service area on the western side of the San Joaquin Valley, which produces over \$128 million in farmed output annually from its top 10 crops -- the crop mix is about 50% permanent crops and 50% row crops, with pistachios and almonds generating the largest percentage of crop value. The district serves a limited number of municipal or industrial customers, the top 10 landowners are all farms with limited access to alternative water supplies;
- We consider the customer base to be relatively concentrated as the top 10 landowners are expected to generate 34% of total district assessments, while the largest generates only 6% of total district assessments, we believe a bankruptcy or delinquency of any of these landowners may require a draw from the RSF to meet the rate covenant;
- Due to the shortage of water caused by the pumping restrictions from the San Joaquin/Sacramento River Delta, groundwater pumping restrictions, and sustained drought in California, we believe future CVP water allocations remain uncertain, portions of the district could increasingly become fallowed, with irrigated lands primarily confined to permanent crop acreage. Given the complexities of supplemental water procurement, having a management team with commensurate skill and experience in the water industry will be important to ongoing credit quality;
- Good operational management practices and policies. The district annually adopts water and standby charges for agricultural water service. During the budgeting process it evaluates the rates established by Reclamation for CVP water, anticipated deliveries, and hydrologic year type and capital repayment, however, there can be a timing mismatch between when water is purchased and when it is billed if the water is stored (inventoried) and used in a later year.

The financial risk profile reflects our view of the following factors:

- Projected financial metrics that we consider generally supportive of credit quality. The district authorized a special assessment to support the series 2021A&B bonds in June 2021. Based on projected debt service, assuming modest delinquencies, direct service coverage (DSC) should remain at or about 1.3x. Historical debt service coverage is not

meaningful as it is represented by payments under a line of credit and a state loan, however we note that net revenues have fluctuated from insufficient levels (2018) to over \$6.6 million (2016);

- Very weak liquidity, with cash balances drawn down to \$4.5 million as of Feb. 28, 2021, from \$13 million in 2017, which we believe limits financial flexibility and the district's ability to make strategic water acquisitions, although bondholders will be partially shielded from this risk due to the establishment of the RSF;
- Moderate pro forma debt-to-capitalization ratio of 46.7% (incorporating the series 2021A&B bonds); and
- Adequate financial management practices and policies.

The stable outlook reflects our view of the district's adoption of the special assessment. We expect the district will continue to review its rates, assessments, and charges annually. We expect CVP supplies are expected to remain the district's landowner's primary water supply for the foreseeable future.

Environment, social, and governance factors

The district is faced with several ongoing environmental, social, and governance (ESG) risk factors that influence our analysis. Although the district benefits from an entirely new management team, and has represented to us that it has implemented adequate internal controls, we recognize that the district sustained elevated legal fees and substantial costs (the latter of which will be paid with series 2021B proceeds) related to the misconduct of the prior general manager and former employees. Our analysis assumes that the district will not be directly liable for future damages related to the former employees' unlawful disposal of hazardous waste. We are not aware that the district's largest landowners were involved in the prior misconduct. However, if we see future evidence that either the district or its landowners unlawfully divert CVP water or engage in other illegal activity, it could negatively pressure the rating.

The CVP is susceptible to environmental scrutiny and elevated environmental risk related to climate change and natural drought cycles. We consider the district to be less adversely affected by the Sustainable Groundwater Management Act (SGMA) than other irrigation districts in California that are in critically over-drafted basins, as groundwater use is already relatively limited in the district's service area. Although farmworkers face numerous challenges to protect themselves from COVID-19, we are not aware of any recent outbreaks at any farming locations in Fresno or Merced counties.

Stable Outlook

Downside scenario

We could take a negative rating action if coverage declines materially from current projections, or if cash balances are not maintained at adequate levels to fund operations and water acquisitions.

Upside scenario

We view upward movement as limited during the two-year outlook period, given the district's dependence on a volatile water supply. In the longer term, we could take a positive rating action if the district is able to significantly bolster its cash reserves.

BACK

Related Research

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

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Water Supply																		
District Water March, 2022 - Feb, 2023	Annual AF	2022 March	2022 Apr	2022 May	2022 June	2022 July	2022 Aug	2022 Sept	2022 Oct	2022 Nov	2022 Dec	2023 Jan	2023 Feb	YTD Usage	Transfers Out	Not Pumped	WA Stored	Remaining Balance
Transfer 2 - DC	3,000													0				3,000
Grower Transfer Ins	0													0				0
PWD Grower Wells f/Crdt	4,000	386	733											1,119				2,881
Gains or Losses	2,000	130	556											686				1,314
District Water Total	9,000	516	1,289	0	0	0	0	0	0	0	0	0	0	1,805	0			7,195
Bureau Water March, 2022 - Feb, 2023	Annual AF	2022 March	2022 Apr	2022 May	2022 June	2022 July	2022 Aug	2022 Sept	2022 Oct	2022 Nov	2022 Dec	2023 Jan	2023 Feb	YTD Usage	Transfers Out	Loss	WA Stored	Remaining Balance
2020-2021 Rescheduled	275	12	15											27		(6)		242
2022-2023 0% USBR	0													0				0
CVP 3F Wtr -20-21 Resch	3,976	161	803											964		(40)		2,972
CVP 3F Wtr -21-22 Resch	2,787													0				2,787
Transfer 1 Rescheduled	6,913													0				6,913
Grower Transfer Ins	196		196											196				0
Transfer 2	0													0				0
Transfer 3	293	293												293				0
Transfer 4	1,440													0	120		917	1,320
Transfer 5	4,476													0		(1,341)		3,135
Burea Water Total	20,356	466	1,014	0	0	0	0	0	0	0	0	0	0	1,480	120	(1,387)		17,369
Total Water Supply	29,356	982	2,303	0	0	0	0	0	0	0	0	0	0	3,285	120	(1,387)		24,564
Usage																		
Growers		982	2,303											3,285				
Transfers Out/Sales		0	120											120				
Total Usage/Transfers		982	2,423	0	0	0	0	0	0	0	0	0	0	3,405				
Diff/Losses: % of Supply	%	13%	24%											21%				
Budget to Actual - AF	32,150	849	2,066											2,915				29,235

* Water Supply Numbers are estimates of known Transfers at this time - Deliveries are Actual *

For WY2022-23 M&I

Resched

Resched

Resched

PANOCHE WATER DISTRICT
NON-PROJECT WATER CREDITS REPORT
 (ALL FIGURES IN ACRE FEET)
 WY 2022-2023 Warren Act Water Credits

				7%	5%	27%	6%	54%
ANNUAL ENTITY CREDITS FOR WARREN ACT WATER								
Month	Gross	Loss	Net	Camp-13	CDD	FCWD	PAC	PWD
January	282	(14)	268	18	14	73	16	147
February	137	(7)	130	9	7	35	8	71
March	92	(5)	87	6	5	24	6	46
April	126	(6)	120	9	7	32	8	64
May								
June								
July								
August								
September								
October								
November								
December								
January								
February								
Grand Totals	637	(32)	605	42	33	164	38	328
				(120)				
				485				
						(120)		
						208		

BACK



Westlands Water District

MEMORANDUM

TO: SLDMWA BOARD OF DIRECTORS
FROM: TOM BOARDMAN, WATER RESOURCES ENGINEER
SUBJECT: MAY OPERATIONS UPDATE
DATE: MAY 6, 2022

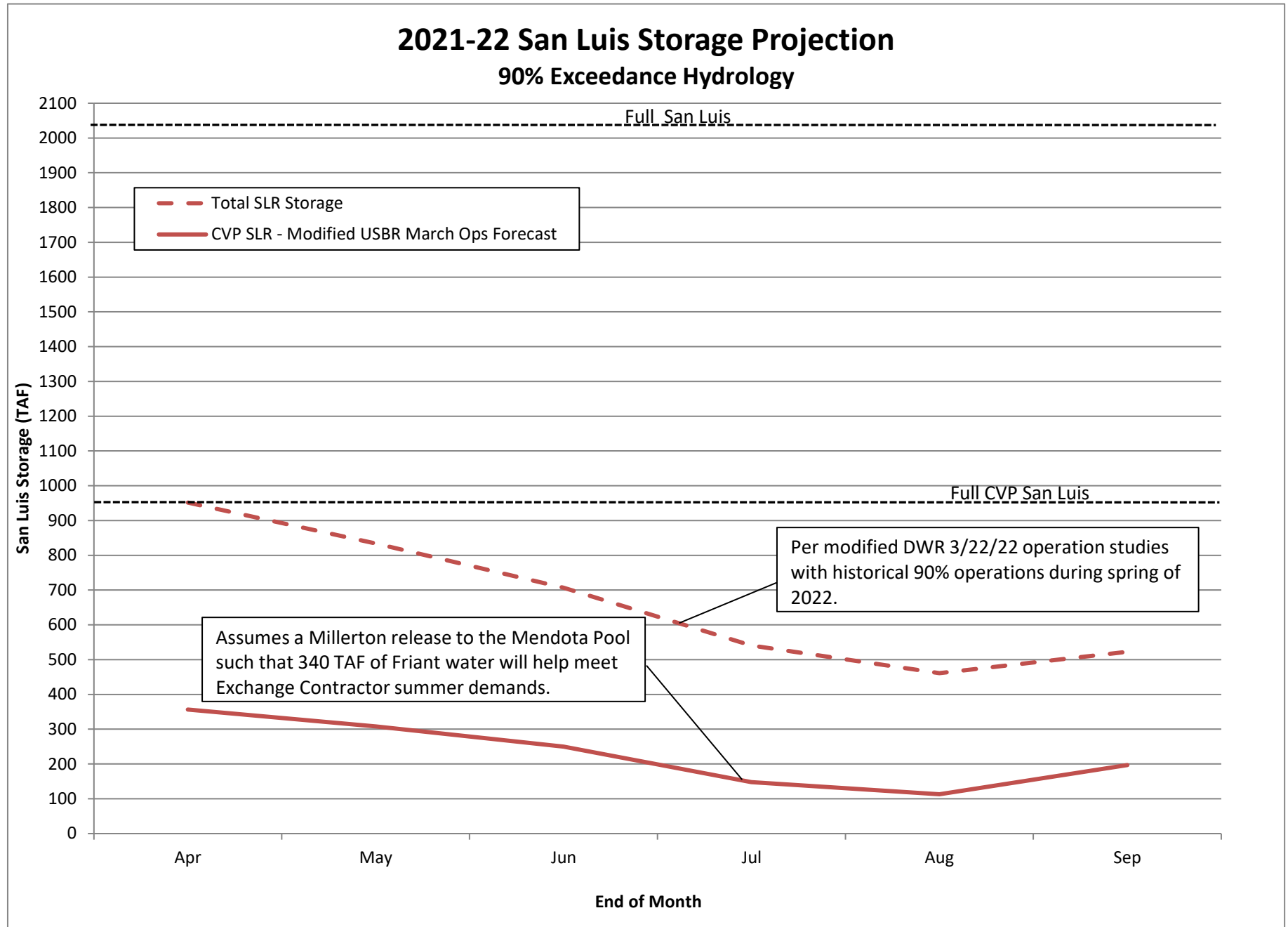
Project Operations

- Jones pumped at 900 cfs during April as Reclamation met a reduced Delta outflow standard allowed by a Temporary Urgency Change Order (TUCO) that was granted by the State Water Resources Control Board in early April. Although increased runoff from the mid- April storms might have supported higher pumping, export limitations related to a 30-day D-1641 San Joaquin pulse flow that began April 18 precluded an increase at Jones.
- The current Delta outflow requirement is about 4,500 which is about 3,000 cfs less than the D-1641 requirement thanks to the recently issued TUCO. As such, the reduced outflow standard will allow the Projects to conserve at least 185 TAF in upstream reservoirs.
- Reclamation latest forecast shows the accounting balance under the Coordinated Operations Agreement (COA) at about 265 TAF in favor of the CVP. The current balance includes water released from New Melones last year to meet part of the SWP's share of Delta requirements. Since the recent storms improved Oroville storage, the SWP is now projected to pay off its COA debt by late this year.
- Accumulated precipitation in the Sacramento Valley finished April 140% of average. Year to date precipitation is at 82% of average which is about 17" more than this date last year.
- Shasta storage is 1.81 TAF - 52% of average. The mid-April storms did not favor the Shasta watershed as much as Oroville and Folsom bringing only 4 inches of precipitation to the basin during the month. With reservoir releases at the minimum rate of 3,250 cfs, storage continues to increase at about 2 TAF per day. Reclamation's latest forecast shows the releases at about 35% of average during the summer with a projected carryover storage of 1.1. MAF.
- Folsom storage is 794 TAF – an increase of nearly 200 TAF since April 1. The improved storage will allow Reclamation to draw on Folsom more this summer to meet Delta requirements.
- CVP demands for April were about 45% of the 15-year average. About 36 TAF or 55% of the monthly demand flowed into the Mendota Pool from the San Joaquin River to meet Exchange Contractor demands.

2021-22 San Luis Reservoir Operations

Amidst minimum CVO exports, low Ag & Urban demands coupled with Friant releases to help meet Exchange Contractor demands allowed the CVP share of the San Luis Reservoir (SLR) to increase by 24 TAF during April. Total CVP SLR storage has been hovering at about 357 TAF during the past 7 days which includes an estimated 220 TAF of undelivered rescheduled water.

The attached 90% and 50% exceedance SLR charts reflect the release of about 450 TAF from Millerton Lake to meet Exchange Contractor demands during April through mid-September. Assuming a 25% channel loss between Friant Dam and the Mendota Pool, about 340 TAF of Friant water will supplement Delta pumping to help meet Reclamation's contractual delivery obligation to the Exchange Contractors.

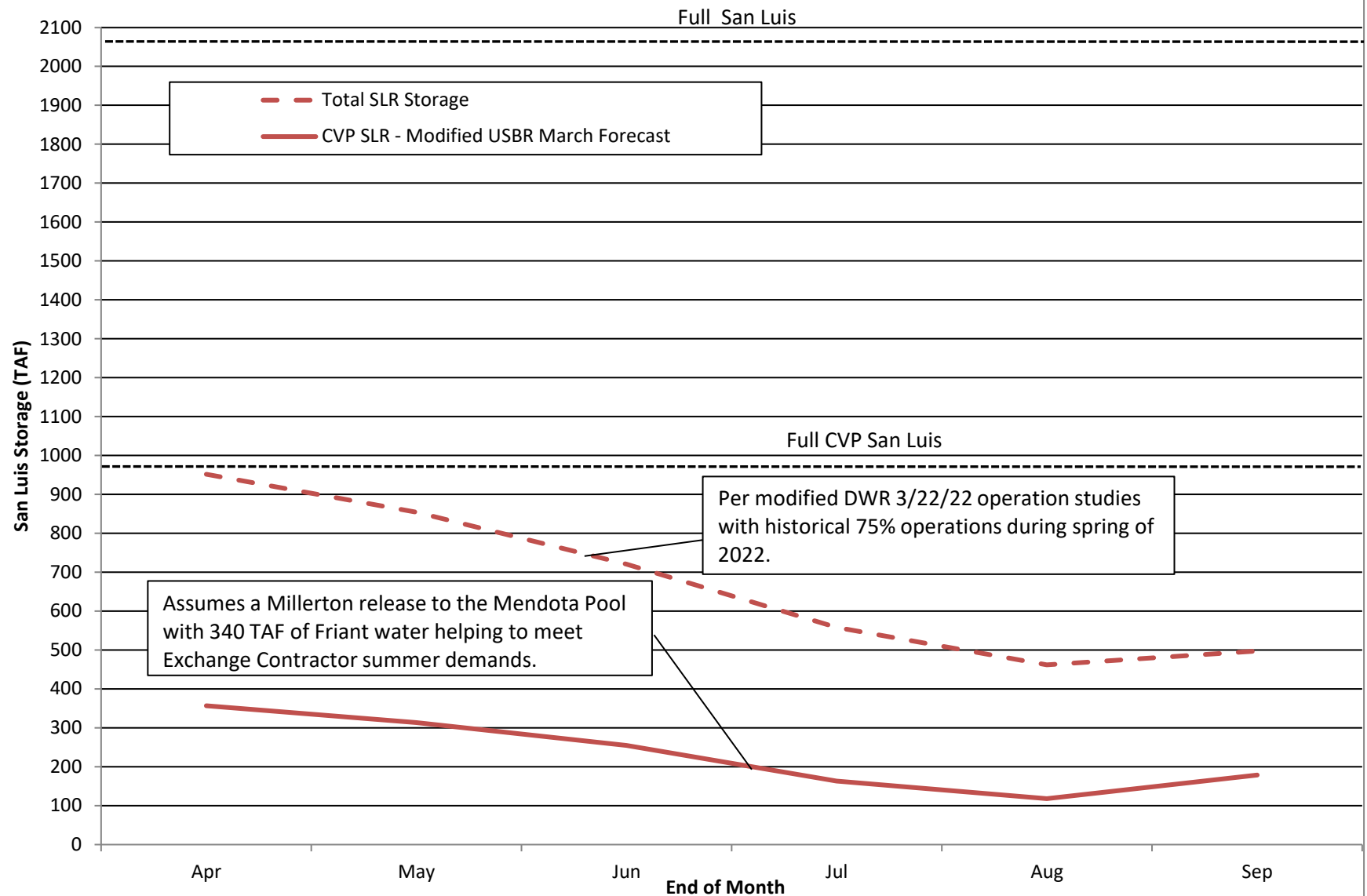


T. Boardman, WWD

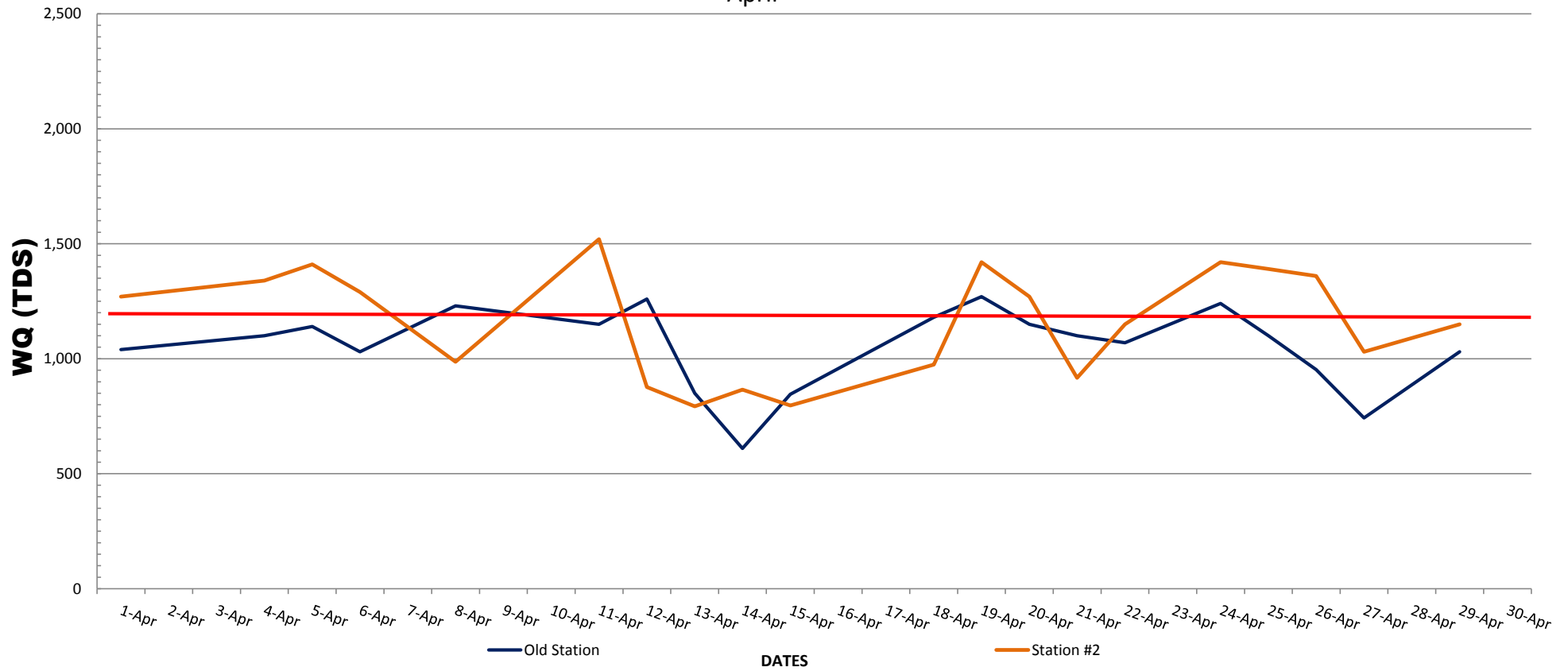
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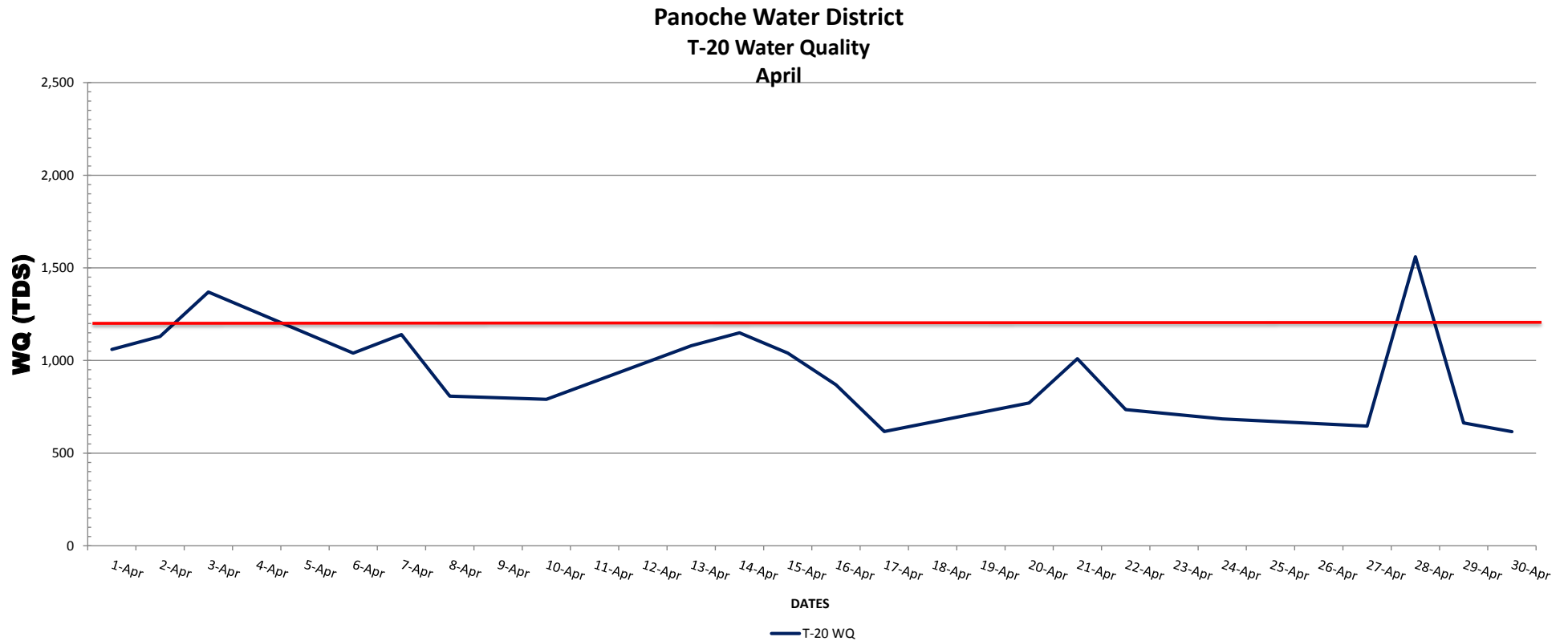
2021-22 San Luis Storage Projection 50% Exceedance Hydrology



Panoche Water District
Main Station Water Quality
April



* Unsteady Flows *



Panoche Water District Priorities

A) Provide a reliable and affordable water supply of suitable quality.

- 1) Objective: Protect & enhance the District's Central Valley Project contract supply.
 - i. Method: Ensure compliance with all contract terms and conditions.
 - ii. Method: Develop water storage, banking, and exchange programs to reserve CVP supply during times of temporary surplus for beneficial use during times of temporary shortage.
 - iii. Method: Develop groundwater protection fees to promote use of CVP supply when available and to rest the groundwater basin.
 - iv. Method: Participate in the San Luis & Delta-Mendota Water Authority's legislative, regulatory, legal, and public education programs.
 - v. Other?
- 2) Objective: Sustain & expand the District's multi-year supplemental supply agreements.
 - i. Method: Ensure compliance with all contract terms and conditions.
 - ii. Method: Establish firm subscriptions to promote cost allocation equity.
 - iii. Method: Expand District financial reserves to provide for opportunistic acquisitions and to buffer temporal differences between delivery and demand.
 - iv. Method: Pursue geographic diversity of supply sources to improve supply reliability.
 - v. Method: Integrate supplemental supply agreements with SGMA management solutions.
 - vi. Other?
- 3) Objective: Expand use of unused, or under used, sources of supply.
 - i. Method: Refine District facilities and operations to improve and expand blending capacity to promote suitable water quality.
 - ii. Method: Promote research and pilot projects to explore and improve water treatment technologies and reduce treatment costs.
 - iii. Method: Engage with the Regional Board to educate and promote appropriate regulatory and permitting objectives.
 - iv. Method: Engage technical expertise to advance District objectives.
 - v. Method: Explore Public-Private Partnerships to finance and implement suitable projects.
 - vi. Other?

B) Provide for reliable and affordable operation and maintenance of District infrastructure.

- 1) Objective: Improve operating efficiency
 - i. Method: Engage technical expertise to assess and recommend potential system improvements and prioritize implementation of projects based upon rate of return on investment.
 - ii. Method: Develop financial model to sustain suitable funding to perpetually implement capital improvements.

- iii. Method: Utilize technology to automate systems, including water quality and meter monitoring, to reduce labor costs and improve customer service.
- iv. Method: Reduce energy use and develop and maintain alternative energy supplies.
- v. Others?

2) Objective: Improve maintenance effectiveness

- i. Method: Recruit, train, and maintain staff to identify, organize, plan, and implement maintenance projects on a sustained, proactive basis.
- ii. Method: Identify on-going equipment needs and procure, rent, or hire based upon need and rate of return on investment.
- iii. Method: Develop financial model to sustain suitable funding to perpetually implement capital improvements.
- iv. Others?

C) Provide effective administrative function

- 1) Ensure satisfactory customer service.
- 2) Ensure compliance with state and federal laws, regulations, and guidance.
- 3) Recruit, train, and maintain quality employees.
- 4) Succession plan, when feasible.
- 5) Utilize technology to automate systems to reduce labor costs and errors.
- 6) Improve and sustain organizational fiscal health.
- 7) Identify and leverage grant funding opportunities.
- 8) Enhance asset management and capital improvement programs.
- 9) Other?

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