

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
October 12, 2021, at 9:00 A.M.**

A regular meeting of the Board of Directors was held in accordance with Resolution 786-21 proclaiming a local emergency and authorizing remote teleconference Board meetings through October 28, 2021, pursuant to Assembly Bill 361, and to make the meetings accessible to the public electronically. Those present at the meeting were:

Directors Present: John Bennett, President
 Michael Linneman, Vice-President
 Mike Stearns, Secretary
 Ross Koda, Director
 Steve Fausone, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager
 Juan Cadena, Water Resources Manager
 John Paul Otollo, Treasurer & Controller

Others Present: Philip Williams, General Counsel
 Diane Rathmann, Of Counsel
 Palmer McCoy, Grassland Basin Authority
 Will Gleason, West Hills Farms
 Aaron Barcellos, A-Bar Ag Enterprises

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 9:02 a.m.

REVIEW OF AGENDA

There were no changes to the Agenda.

ROLL CALL

A quorum of the Board and presence of the District's Officers were confirmed.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts reported.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager Juan Cadena reported the Water District's September deliveries were about 2,800 acre-feet and that current deliveries were about 30 cubic-feet per second. He said crews were grading the Main Canal from the Outside Canal to Old Station and performing maintenance on turnout 10W to install grating, safety rails, and coating ladders. Lastly, Cadena reported a PG&E power pole fell down near 10E2 and that the District had called to inform them.

- B. Controller JP Otollo reported the finance accounting staff were working on the mid-year budget review, analyzing water supplies, deliveries, costs with a focus on equipment repairs and pumps and structures maintenance costs. He also noted the District had started implementation of the new surplus asset policy. In the water accounting department, he reported staff were preparing the September usage water billing, processing supplemental water purchase requests, and processing the Sustainable Groundwater Management Act invoices to be sent out to growers by end of the week. Otollo said the Water District's FYE2021 audit was ongoing with the plan to have the audit completed by the end of this month and presented by Price Paige to the Board in November. He noted staff was working to prepare and include a Management Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) in the audit report. Otollo explained that over the years, the District had not been preparing an MDA and RSI to avoid incurring the extra cost because its absence does not affect the opinion of the auditors; however, following issuance of the 2021 Bond and Standard & Poor's rating, General Manager Azhderian directed its inclusion to better explain year-to-year changes in the financial statement to investors and rating agencies. Lastly, Otollo reported the District would be sending the 2nd Drainage Service Fee billing by the end of the week with a two-month due date.

- C. Ethics & Compliance Officer Lorena Chagoya reported on various risk management and Human Resources activities. She said there had been no property, liability, or worker's compensation insurance claims, nor COVID-19 cases, in the last month. Chagoya said there had been no complaints reported on the SpeakUp Hotline and five internal matters were reported and addressed. She said she continues to monitor COVID related regulations and guidance to maintain continuity with the District's policies and protocols and that the District is continuing its search for a part-time janitor. She reported the California Safety Training Corporation performed its 3rd quarter safety inspection and that the District received a 96% score, which was a 2 point increase from the last quarter. Chagoya updated the Board on past and future planned training events, including ladder safety and fall protection, defensive driving, fire extinguisher use, and ethics & compliance. Lastly, she reminded the Board that certificates for state mandated biennial AB 1234 ethics training and sexual harassment training are good for 2 years and that she would be notifying individuals if they need to renew.

At approximately 9:20 a.m., President Bennett suspended the Drainage District meeting and continued the Water District-ONLY meeting.

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar, which included the draft minutes from the December 08, 2020, regular meeting of the Board; the monthly financial statements for the period ending September 30, 2021; and the Director's Monthly Credit Card Usage Report. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board accepted the Consent Calendar as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda
Nays:	None
Abstain:	Fausone
Absent:	None

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

General Manager Azhderian explained the proposed resolution was identical to the one adopted by the Board at the last meeting except that it extended the proclaimed state of emergency and ability to for the Board and public to meet virtually until November 11, 2021. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously adopted the resolution as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda, Fausone
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION AUTHORIZING THE PREPARATION AND SUBMISSION OF A WATERSMART WATER AND ENERGY EFFICIENCY GRANT APPLICATION

General Manager Azhderian reported the U.S. Bureau of Reclamation was soliciting proposals for grant funding assistance under the WaterSMART Water and Energy Efficiency Grant Program and that staff and the District's consultants, Summers Engineering and the Hallmark Group, were recommending preparation of an application to line the portion of the Contour Canal between Nees and Herndon Avenues to conserve water and improve supply by reducing loss that otherwise seeps into the shallow groundwater table thus becoming subsurface drainage. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously accepted the recommendation to prepare and submit the grant application.

The vote on the matter was as follows:

Ayes:	Bennett, Linneman, Stearns, Koda, Fausone
Nays:	None
Abstain:	None
Absent:	None

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

General Manager Azhderian reported Director Bennett was wishing to step off of the San Luis & Delta-Mendota Water Authority Board of Directors, upon which he had served since 1997, and was requesting the Board consider adopting a Resolution naming Director Michael Linneman as his replacement and General Manager Azhderian as his alternate, beginning in November. After consideration, on a motion by Director Stearns, seconded by Director Fausone, the Board unanimously adopted the Resolution as presented.

The vote on the matter was as follows:

Ayes: Bennett, Linneman, Stearns, Koda, Fausone
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING MODIFICATION OF TURNOUT 13E

General Manager Azhderian explained the proposal to modify Turnout 13E, which serves lands east of Russell Avenue and north of the San Luis Canal, was to improve the District’s ability to meter the blending of the grower’s groundwater and District supplies at that location. He reported staff and Summers Engineering had met to inspect the turnout and develop a plan and noted that the site was tricky because there is a lot of District and private infrastructure located in a relatively small area. Azhderian said the cost estimate for the modification was up-to \$25,000. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously authorized the modification.

The vote on the matter was as follows:

Ayes: Bennett, Linneman, Stearns, Koda, Fausone
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER AMENDING THE DISTRICT’S FYE-2022 BUDGET AND OPERATIONS & MAINTENANCE RATE

General Manager Azhderian presented the Board an analysis of current and projected costs for the fiscal-year. He said while some costs were down, energy costs for example, others were up, such as repairs and maintenance, and that the net projected increase was approximately \$165,000 or about 2% over the original budget. Azhderian stated the cost deviation was not the main driver of the request to amend the O&M rate; rather, it was the difference between forecasted and actual deliveries, which were significantly less than originally projected due to growers fallowing more land, deficit irrigating, and relying more upon groundwater in the drought related absence of Central Valley Project contract supplies. The result, he said, was an under-collection of revenues of approximately \$230,000. Azhderian presented the Board two options, it could allow the deficit to accrue from reserves or it could increase the District’s O&M rate by \$35 per acre-foot, which would be collected on future deliveries as well as through a supplemental billing for water already delivered. He acknowledged the difficulty in billing growers for water already delivered but also noted the recent Standard & Poors credit rating analysis, which was critical of what it considered to be the District’s weak liquidity. The Board discussed the options and decided to table the matter for future consideration. No action was taken on the matter.

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

Controller Otollo presented the Board with the District’s accounts payable. After consideration, on a motion by Director Stearns, seconded by Director Koda, the Board approved payment of the bills.

The vote on the matter was as follows:

Ayes: Bennett, Linneman, Stearns, Koda, Fausone
Nays: None
Abstain: None
Absent: None

CONTROLLER'S REPORT

Controller Otollo reviewed the District's Budget-to-Actual report with the Board. General Manager Azhderian reported the District had sold a surplus backhoe through an online, competitive bidding process for \$28,500.

REPORTS UNDER DISTRICT POLICIES

General Manager Azhderian updated the Board on the District's COVID-19 Pandemic Response Policy implementation.

GENERAL MANAGER'S REPORT

Azhderian updated the Board on water deliveries, supplies, and forecasts.

At approximately 10:35 a.m., President Bennett suspended the Water District meeting and resumed the Drainage District-ONLY meeting.

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 10:55 a.m., President Bennett called the joint closed session to order.

At approximately 11:24 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 announced that the Panoche Water District Board would meet in closed session for a conference with legal counsel on anticipated litigation pursuant to Subdivision (a), Paragraphs (1), (2), or (3) of Subdivision (d) of Government Code Section 54956.9.

At approximately 11:25 a.m., President Bennett called the closed session to order.

At approximately 12:13 p.m., President Bennett adjourned the closed session.

PANOCHÉ WATER DISTRICT-ONLY CLOSED SESSION REPORT

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

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

No reports were given.

FUTURE MEETING DATES

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

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 12:14 p.m.



John Bennett, President



Mike Stearns, Secretary