

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

A meeting of the Board of Directors was held at 52027 West Althea Ave., Firebaugh, CA 93622. Those present at the meeting were:

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

Directors Absent: None

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

Others Present: Philip Williams, General Counsel
Palmer McCoy, Grassland Basin Authority

ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3

Pursuant to the Brown Act, President Barcellos announced that Directors do not receive compensation or a stipend for simultaneous or serial order meetings of Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and/or the Panoche Resource Conservation District.

CALL TO ORDER

President Barcellos called the meeting to order at 9:30 a.m.

REVIEW OF AGENDA

General Manager Azhderian reported the Director's Monthly Credit Card Usage Report was not available.

ROLL CALL

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

POTENTIAL CONFLICTS OF INTEREST

No conflicts were reported.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager Juan Cadena reported the Water District's August deliveries were about 713 acre-feet and that current deliveries were about 15 cubic-feet per second. He said crews were replacing a control gate at turnout 10WS, turnout 86 and at turnout 10E2. Also, the

crew cleanout turnout 204 of lateral 2 and they installed a new 45 elbow at T-6 discharge. In the Drainage District, he said crews were cleaning the Hicks, 1144 and Russell drains.

- B. General Manager Azhderian reported staff working on end of the year close outs, setting up new year in Sage & all new files & binders, making all end of the year reversing entries, completed all State Controller Government payment in California reports, completion of PWD 23.24 budget and completion of FYE22 PDD audits.

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 (1), (2), or (3).

At approximately 9:45 a.m., President Barcellos called the joint closed session to order.

At approximately 11:34 a.m., President Barcellos adjourned the joint closed session.

JOINT CLOSED SESSION REPORT

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

CLOSED SESSION

General Counsel Williams announced there was no need for a Water District-only Closed Session.

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar items, which included draft minutes from the November 8, 2022, regular meeting, draft minutes from the February 14, 2023, regular meeting, and draft minutes from the March 01, 2023, special meeting of the Board; and the monthly financial statements for the period ending February 28, 2023. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board accepted the Consent Calendar as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION ADOPTING CERTAIN FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND AUTHORIZING EXECUTION OF A WATER TRANSFER AGREEMENT WITH THE EAST SIDE CANAL & IRRIGATION COMPANY AND SAN LUIS CANAL COMPANY

General Manager Azhderian presented the draft Resolution. He reported the East Side Canal & Irrigation Company had recently received approval from the State Water Resources Control Board for a new, 5-year water transfer agreement. Azhderian explained the agreement transfers water from East Side to the San Luis Canal Company through a conveyance owned by a private, third-party under a separate agreement with San Luis, and that San Luis then exchanges a like amount of water in San Luis Reservoir with Panoche, with the approval of Reclamation, which has already been granted. He said the new agreement is substantially similar to the prior East Side-San Luis transfer agreement except that it

includes a new 5% loss factor imposed by San Luis. Azhderian said the details of how to implement the loss factor remain unresolved. General Counsel Williams explained the CEQA exemptions. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board found the Transfer Agreement to be exempt from CEQA, adopted the Resolution as presented, and directed staff to resolve implementation of the new 5% loss factor.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A LAND LEASE WITH THE LINNEMAN TRUST FOR THE DISTRICT'S SOLAR PROJECT #2

General Manager Azhderian presented the draft land lease. He reported that following the refusal of Firebaugh Canal Water District to allow construction of the District's second one-megawatt solar project on lands used for the San Joaquin River Improvement Project, staff had to secure another suitable location quickly, prior to the closure of the NEM 2.0 tariff in April 2023, to avoid a significant devaluing of the project. Azhderian said staff worked with ForeFront to examine a number of potential sites within the District and approached certain landowners about a proposed lease, to which the Linneman family was agreeable. He explained the lease is for 20 years with the ability to extend, to match the term of the proposed Power Purchase Agreement with ForeFront and, in exchange for use of the approximately six acres of land, the Linneman family would retain its annual allocation of water, the District would pay the Linneman family \$4,800 per year, and reimburse them for the Fresno County property taxes and Panoche Drainage District Drainage Service Fees. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board: 1) directed staff to add language clarifying the reserved water rights, disposition of the balance of the property, and removal of the facilities upon termination of the Power Purchase Agreement, and 2) authorized execution of the lease contingent upon final approval by the President and General Counsel.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF EXECUTIVE COMPENSATION FOR THE GENERAL MANAGER

The Board tabled discussion of the General Manager's compensation.

THE BOARD TO REVIEW AND CONSIDER AMENDING THE 2023-24 FISCAL-YEAR BUDGET AND THE CENTRAL VALLEY PROJECT AND SUPPLEMENTAL WATER RATES

General Manager Azhderian explained that following the Board's March 1st adoption of a fiscal-year budget and water rates, on March 9th the San Luis & Delta-Mendota Water Authority revised its operations and maintenance rates to reflect Reclamation's current 35% allocation of CVP water, which resulted in a reduction to the DMC delivery cost of \$5.93 per acre-foot and to the SLC delivery cost of \$40.85 per acre-foot. Following the Authority's action, Azhderian said staff had updated the District's CVP and supplemental water expenses and revenues, as presented in the proposed budget amendment.

The reduction in the Authority’s operations and maintenance rates, he explained, translates into a reduction in the District’s water supply costs of \$38 per acre-foot for CVP water and \$35 per acre-foot for supplemental supplies. Lastly, Azhderian said it is possible the Water Authority may again revise rates later in the year if Reclamation further increases the CVP allocation and forecasted demands support a further reduction but, notwithstanding, recommended the Board still take action now based upon the current information. After consideration, on a motion by Director Correia, seconded by Director Callis, the Board approved the recommended budget amendment and water supply rates as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER APPROVING THE DISTRICT’S REVISED AND UPDATED EMERGENCY ACTION AND EVACUATION PLAN

General Manager Azhderian reported that Ethics & Compliance Officer Lorena Chagoya was systematically reviewing and revising various District policies and procedures in preparation of termination of its contract with the California Safety Training Corporation. He said that over the past few years, the District had been working to build internal capacity to monitor, modify, and implement various policies in response to continually changing state and federal mandated requirements, and through that effort had steadily been reducing its reliance upon third-party consultants. However, with respect to CSTC, Azhderian explained their materials are copyrighted thus the need for the revisions. E&C Officer Chagoya reviewed the proposed changes with the Board. After consideration, on a motion by Director Callis, seconded by Director Western, the Board approved the revised and updated Plan as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER APPROVING THE DISTRICT’S REVISED AND UPDATED CODE OF SAFE PRACTICES

Ethics & Compliance Officer Lorena Chagoya reviewed the proposed changes to the District’s Code of Safe Practices with the Board. After consideration, on a motion by Director Western, seconded by Director Callis, the Board approved the revised and updated Practices as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

General Manager Azhderian presented the Board with the District's accounts payable. After consideration, on a motion by Director Fausone, seconded by Director Western, the Board approved payment of the bills as presented.

The vote on the matter was as follows:

Ayes:	Barcellos, Correia, Fausone, Western, Callis
Nays:	None
Abstain:	None
Absent:	None

FINANCIAL REPORTS

General Manager Azhderian presented the Budget-to-Actual report, noting that overall revenues and expenses were trending about 13% and 17% below budget, respectively, as of the end of the 2023 fiscal-year. The Board requested staff continue to report on the FYE2023 budget-to-actual through the fiscal-year close out period.

REPORTS UNDER DISTRICT POLICIES

No report was given.

GENERAL MANAGER'S REPORT

General Manager Azhderian updated the Board on the District's water supply and water quality status. President Barcellos reported on activities related to implementation of the Sustainable Groundwater Management Act, saying that the regional groundwater sustainability agencies have met in response to the Department of Water Resources determination that the Delta-Mendota Subbasin's six groundwater sustainability plans are inadequate. He said the groups have decided to engage a single consultant to bring the six plans together, update the baseline, and help establish management zones within the single plan area.

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

No report was given.

FUTURE MEETING DATES

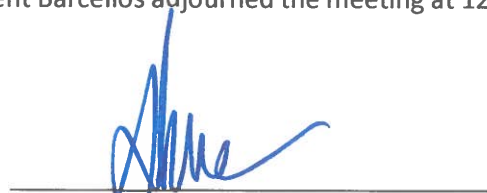
Special meetings of the Board were scheduled for 10:00 a.m. on March 19th, 9:00 a.m. on March 28th, and 9:00 a.m. on April 4, 2023. The next regular meeting of the Board was adjourned from 9:30 a.m. on April 11th to 9:30 a.m. on April 18, 2023.

ADJOURNMENT

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



Aaron Barcellos, President



Steve Fausone, Secretary