

AGENDA

PANOCHÉ DRAINAGE DISTRICT

SPECIAL BOARD OF DIRECTORS MEETING

January 25, 2022 – 9:00 a.m.

**JOIN THE OPEN SESSION MEETING FROM YOUR COMPUTER, TABLET OR SMARTPHONE
THROUGH THE FOLLOWING MEANS:**

<https://global.gotomeeting.com/join/249981637>

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 to the Agenda.
- 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.

ACTION ITEMS

6. The Board to review and consider alternative Drainage Service Fee for lands farmed by the Grassland Basin Authority (Azhderian – Tab 2);
7. **JOINT PANOCHÉ WATER & DRAINAGE DISTRICTS 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. **FUTURE MEETING DATES**
 - A. The Board to Set Special Meeting Date(s): *None requested.*
 - B. Next Regular Meeting Date: February 8, 2022
10. **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.

PANOCHÉ DRAINAGE DISTRICT

52027 West Althea Ave, Firebaugh, CA 93622 – (209) 364-6136 – panochedrainage.specialdistrict.org



JANUARY 25, 2022, SPECIAL BOARD MEETING MEMORANDUM

TO: BOARD OF DIRECTORS

FROM: ARA AZHDERIAN, GENERAL MANAGER

SUBJECT: AGENDA ITEM 6
ALTERNATIVE SJRIP DRAINAGE SERVICE FEE

CC: MARLENE BRAZIL, ACCOUNTING SUPERVISOR

The Panoche Drainage District biannually bills its growers a Drainage Service Fee¹ for drainage related services provided by 1) the San Luis & Delta-Mendota Water Authority for the Grassland Bypass Project, including permits related to stormwater discharge pursuant to the Long-Term Storm Water Management Plan; 2) the Grassland Basin Authority for the San Joaquin River Water Quality Improvement Project, which manages the region’s agriculturally induced sub-surface drainage; and 3) the Panoche Drainage District, which provides administrative, operation, and maintenance services.

The District’s service area includes the Eagle Field, Mercy Springs, Oro Loma, and Panoche water districts, as well as lands owned by the District that are outside of these water districts and farmed as part of the SJRIP. The District receives bills for the cost of services provided by the SLDMWA and the GBA on a pro-rata acreage basis generally based upon the service area acreage of each program member [see Fig. 2 “Current Cost Allocation Shares”]. These costs and the District direct costs compose the Drainage Service Fee billed to the District’s growers on a pro-rata acreage basis. The Drainage Service Fee reasonably reflects the actual cost of providing drainage service to the growers within the District through the ongoing operation and maintenance of the District’s facilities, while also providing for its proportionate contributions to fund the SJRIP and Grassland Bypass Project activities.

Some of the lands in the District that are subject to the Drainage Service Fee are farmed as part of the SJRIP. The District has historically allocated the costs associated with drainage service to the SJRIP, which is essentially standing in place of a grower, on the same pro-rata acreage basis as all other growers within the District subject to the Drainage Service Fee. With the assumption of certain drainage management responsibilities by the Grassland Basin

¹ See attached letter to growers RE 2021-22 Fiscal-Year Drainage Service Fee.

Authority, staff is requesting reconsideration of the historical practice. Below are four scenarios to help inform Board consideration:

Figure 1:

| PDD Drainage Service Fee Acreage | | 41,540 | | | |
|---|----------|--------------|--------------|----------------|---------------|
| | Current | Scenario One | Scenario Two | Scenario Three | Scenario Four |
| GBA PDD allocated percentage | 54% | 54% | 54% | 0% | 0% |
| SLDMWA PDD allocated percentage | 68% | 68% | 68% | 0% | 0% |
| SJRIIP Drainage Service Fee acres | 3,976 | 3,976 | 3,976 | 0 | 0 |
| 2021-22 PDD Drainage Service Fee per acre | \$ 83.00 | \$ 83.00 | \$ 83.00 | \$ 83.00 | \$ 83.00 |
| GBA - SJRIIP | \$ 36.52 | \$ 36.52 | \$ 36.52 | \$ - | \$ - |
| SLDMWA - GBP | \$ 34.03 | \$ 34.03 | \$ 34.03 | \$ - | \$ - |
| PDD Admin | \$ 6.64 | \$ 6.64 | \$ - | \$ 6.64 | \$ - |
| PDD O&M | \$ 5.81 | \$ - | \$ - | \$ - | \$ - |
| SJRIIP Lands Effective Rate | \$ 83.00 | \$ 77.19 | \$ 70.55 | \$ 6.64 | \$ - |
| Remaining PDD Lands Effective Rate | \$ 83.00 | \$ 83.00 | \$ 83.64 | \$ 76.25 | \$ 76.88 |
| SJRIIP Lands Effective Rate Difference | \$ - | \$ (5.81) | \$ (12.45) | \$ (76.36) | \$ (83.00) |
| Remaining PDD Lands Effective Rate Difference | \$ - | \$ - | \$ 0.64 | \$ (6.75) | \$ (6.12) |

Figure 2:

| Program Member | Current Cost Allocation Shares | | Program Member | Scenario 3-4 Cost Allocation Shares | | Difference between Scenario 3-4 Cost Allocation Shares | | |
|----------------|--------------------------------|--------|----------------|-------------------------------------|--------|--|--------|--------|
| | SLDMWA | GBA | | SLDMWA | GBA | Program Member | SLDMWA | GBA |
| Camp-13 | 2.41% | 6.86% | Camp-13 | 2.74% | 7.22% | Camp-13 | 0.33% | 0.36% |
| Charleston | 3.29% | 5.39% | Charleston | 3.74% | 5.67% | Charleston | 0.45% | 0.28% |
| Firebaugh | 17.95% | 27.19% | Firebaugh | 20.42% | 28.61% | Firebaugh | 2.47% | 1.42% |
| Pacheco | 8.68% | 6.13% | Pacheco | 9.87% | 6.45% | Pacheco | 1.19% | 0.32% |
| Panoche | 67.68% | 54.43% | Panoche | 63.23% | 52.05% | Panoche | -4.45% | -2.38% |

Figure 1 – Scenario 1: The alternative presented here reflects the shift in O&M responsibilities from the District to the GBA for the maintenance of District infrastructure within the area of lands farmed by the GBA. Elimination of the O&M cost component better reflects the actual service being provided and likely does not result in redirected financial impacts to other District growers.

Figure 1 – Scenario 2: This alternative would eliminate the allocation of the District’s administrative cost to those lands farmed by the GBA. Historically, the administrative cost has been allocated across all acres farmed in the District, including those now farmed by the GBA, as the benefit of the District’s administrative efforts are homogenous. The elimination of the administrative cost component from the GBA farmed lands would result in a redirected financial impact to all other District growers.

Figure 1 – Scenario 3: This alternative contemplates eliminating the billing for services to the District by the SLDMWA and the GBA for lands farmed by the GBA, thereby eliminating the District’s need to recover the revenue. However, because this approach would result in a reduction of the District’s acreage used to allocate the SLDMWA and the GBA costs, it would result in a redirected financial impact to the other drainage programs’ members [see Figure 2 “Difference between Scenario 3-4 Cost Allocation Shares”]. This alternative proposes to maintain recovery of the District’s administrative costs to avoid a redirected financial impact to the District’s growers.

Figure 1 – Scenario 4: This alternative is the same as Scenario 3 except it also includes elimination of the District’s administrative cost, which would result in a redirected financial impact to all other District growers.



May 14, 2021

Subject: 2021-22 Fiscal-Year Drainage Service Fee

Dear landowners,

While the need for drainage service remains essential, the difficulties growers are facing this 2021 growing season have led the Board of Directors to direct staff to curtail efforts within the District to minimize drainage service costs to the greatest extent practicable. The reality is that the majority of costs incurred by the District stem from the activities of other agencies responsible for various aspects of drainage management that are related to but separate from the in-District work over which we have direct control.

Your drainage service essentially occurs at three different stages. The first is in-District work. This is the operation and maintenance of the District's infrastructure and its administration. The second is the management of drainage, both agricultural and stormwater, at the San Joaquin River Water Quality Improvement Project (SJRIIP). As you may recall, on January 1, 2020, new restrictions were imposed on the District by the Regional Water Quality Control Board that eliminated the ability to discharge agricultural drainage into the San Joaquin River (River). Going forward, only stormwater is permitted for discharge; all agriculturally induced drainage will have to be managed at the SJRIIP. Last year, we facilitated the establishment of a new joint-powers authority – the Grassland Basin Authority – to operate and maintain the SJRIIP and this will be the first full fiscal-year in which it will do so. The final stage is stormwater management. During storm events, when drainage management capacity at the SJRIIP is exceeded, stormwater is allowed to be discharged to the River through the San Luis Drain and Mud Slough – the Grassland Bypass Project – under the region's Long-Term Storm Water Management Plan. This stage is administered by the San Luis & Delta-Mendota Water Authority.

This collection of interconnected and interdependent projects provides a cost-effective, regional solution to meet the state and federal regulatory requirements under the Porter-Cologne Water Quality Control Act and Clean Water Act, thereby alleviating landowners of the burden, cost, and risk of litigation that could otherwise result from the alternative of securing the mandated permits individually. To support this essential work, the Board of Directors has established a budget of approximately \$3,670,000 for the 2021-22 fiscal-year. The budget is based upon the actual cost of providing drainage service to all lands within the District through the ongoing operation and maintenance of the District's facilities, while also providing for its proportionate contributions to fund the SJRIIP and Grassland Bypass Project.

The costs generally breakdown as follows:

| | | |
|---|-------------|-----|
| • District Administration | \$ 294,500 | 8% |
| • District Operations & Maintenance | \$ 275,000 | 7% |
| • Grassland Bypass Project | \$1,499,799 | 41% |
| • San Joaquin River Water Quality Improvement Project | \$1,602,262 | 44% |

The budget translates into a Drainage Service Fee of \$83 per acre for tiled ground (“Regular”) and \$20 per acre for non-tiled ground (“Landlocked”). The fees are proportional, as nearly as possible, to the services rendered. The District’s Board of Directors is authorized under California Water Code Appendix 8-125 to set fees for drainage services and to collect the same from all persons receiving the benefit of the services. The District will bill the Drainage Service Fee in two increments, with the first installment included with this letter and the second in November. Each installment billing is due and payable within thirty-days of its date.

With all of the current challenges we face, rest assured that we are focused on cutting and controlling costs to minimize the Drainage Service Fee. If you should have any questions regarding your Drainage Service Fee bill, please contact Josh Marquez at (209) 364-6136 or billings@panochewd.org. If you should have any other questions, please feel free to contact me directly at the same number or by email at aazhderian@panochewd.org.

Respectfully,



Ara Azhderian
General Manager