

PANOCHÉ DRAINAGE DISTRICT

BOARD OF DIRECTORS MEETING

July 11, 2023 at 9:00 a.m.

MEETING LOCATION

Panoche Water District Boardroom

52027 West Althea Ave.

Firebaugh, CA 93622

AGENDA

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. PLEDGE OF ALLEGIANCE

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. BOARD TO REVIEW AND CONSIDER APPROVAL OF THE JUNE 19, 2023 BOARD MEETING MINUTES (Chagoya)

7. THE BOARD TO REVIEW AND CONSIDER AWARDED LOCKWOOD SEED & GRAIN, THE LOWEST QUALIFIED BID FOR 49,250 POUNDS OF JOSE TALL WHEATGRASS SEED – PROP 84 GRANT AGREEMENT 4600012787 (Hurley & Marquez)

8. **FINANCIAL REPORTS** (Brazil)
 - A. Accounts Payable;
 - B. Monthly Financials;
 - C. FYE 2024 Budget-to-Actual Report;
 - D. Other financial matters affecting the District.

REPORT ITEMS

9. **OPERATIONS & MAINTENANCE** (Carlucci)
10. **DRAINAGE MANAGEMENT** (Cadena)
11. **GRASSLAND BASIN AUTHORITY** (McCoy)
12. **GENERAL MANAGER'S UPDATE** (Hurley)
 - A. Prop 84 Grant for Westside Regional Drainage Plan:
 - i. Tile Sump SCADA Project;
 - ii. Land Acquisition;
 - iii. Stormwater Regulating Basins Expansion;
 - iv. Land Development;
 - v. Conveyance Optimization.
 - B. Annexation
 - C. San Joaquin Valley Drainage Authority
 - D. Other Matters
13. **REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**
14. **FUTURE MEETING DATES**
 - A. Board to Consider Action to Set Special Meeting Date(s): *None requested.*
 - B. Next Regular Meeting Date: August 8, 2023.
15. **CLOSED SESSION**
 - A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: Fresno County Assessor's Parcel Number 004-070-06
Agency Negotiator: To Be Named
Negotiating Parties: Koda Farms and Randy Miles
Under Negotiation: Price and terms.
16. **REPORT FROM CLOSED SESSION**
17. **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: Three
 - B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Section 54956.9(d)(1):
Names of Cases: One
 - i. PCFFA v. Glaser, et. al.

18. REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1)

19. 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
BOARD OF DIRECTORS
MEETING MINUTES
JUNE 19, 2023**

An adjourned meeting of the Board of Directors was held on June 19, 2023, at 9:00 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
 Michael Linneman, Vice President
 Steve Fausone, Secretary
 Beau Correia, Director
 Wayne Western, Director

Staff: Marlene Brazil
 Juan Cadena
 Chris Carlucci
 Lorena Chagoya
 Josh Marquez
 Sandra Reyes

Others: Neill Callis, Turlock Fruit
 Steve Creighton, Landowner Representative
 Chase Hurley, Water & Land Solutions, LLC
 Palmer McCoy, GBA
 Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 9 am.

PLEDGE OF ALLEGIANCE

President Barcellos led those in attendance in the Pledge of Allegiance.

ROLL CALL

A quorum of the Board of Directors was present.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts of interest.

PUBLIC COMMENT

There was no public comment.

CONSENT CALENDAR

On a motion by Director Linneman and seconded by Director Western, the Board unanimously accepted the Consent Calendar as presented by Mr. Hurley. The vote on the matter was as follows:

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

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION AUTHORIZING CERTAIN INDIVIDUALS TO SIGN CHECKS ON THE FRESNO COUNTY TREASURY

On a motion by Director Correia and seconded by Director Fausone, the Board unanimously approved Resolution # 826-23 as presented by Ms. Brazil. The vote on the matter was as follows:

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

FINANCIAL REPORTS

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2023 Budget to Actual**
- D. FYE 2024 Budget to Actual**

Upon a motion by Director Fausone and seconded by Director Linneman, the board unanimously approved the financial report as presented by Ms. Brazil. The vote on the matter was as follows:

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

DIVISION REPORTS

Mr. Carlucci reported on Operations and Maintenance activities for the month of May. He said the Maintenance crew did general maintenance as well as spraying the Russell drain, Hicks drain, Contour drain, Davidson drain, Courtney drain and the T- Canal drain. They also disked the south side of the 1144 drain and Althea drain east to the DMC. In addition, they conducted routine maintenance on the CH-2 pumps and oilers at Charleston Drainage District. Mr. Carlucci also reported that the crew finished grading both roads of the San Luis Drain (SLD); a total of 48 miles. Lastly, he informed the board that the crew sprayed weeds on section 1 of the SLD.

GRASSLAND BASIN AUTHORITY

Mr. McCoy updated the board on the project and stated that they are currently disking and scraping drains and roads along with the normal on-farm cultural practices. They are making some changes to the design of one of the pipeline projects that is tied into the new pond construction. The current flow rate onto the project is approximately 35 cfs.

Mr. McCoy thanked Panoche staff for their help in finalizing the equipment liquidation plan for all the used on-farm implements that are on-site; many of which are no longer usable and most of which there was a discrepancy on ownership. Through the hard work of all staff members, this once frustrating item has now been resolved.

DRAINAGE MANAGEMENT REPORT - Cadena

Mr. Cadena reviewed the Mud Slough Water Quality sheet for the month ending May 2023 and stated that he had no further information to add.

GENERAL MANAGER'S REPORT - Hurley

- A. Prop 84 Grant for Westside Regional Drainage Plan
Mr. Hurley continues to work with staff and Mr. Linneman at Summers engineering to submit timely and accurate reimbursement requests as well as moving forward with new project funding ideas that are viable within the current grant language.
- B. Annexation

The three properties, one of which is owned by Panoche Drainage District, are still moving forward in the initial stages of annexation into the PDD boundary. Mr. Hurley still needs to meet with the adjacent neighbor, Danny Fialho, to discuss his potential inclusion into the annexation.

- C. San Joaquin Valley Drainage Authority: No update
- D. Other Matters Affecting the District: None

CLOSED SESSION: At 9:25am

REPORT FROM CLOSED SESSION: At 9:35 am

President Barcellos stated that there were no reportable actions.

PANOCHÉ WATER & DRAINAGE DISTRICTS JOINT CLOSED SESSION: At 9:40am Conference with Legal Counsel.

REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1) at 10:45am

President Barcellos stated that there were no reportable actions.

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

There were no other items.

FUTURE MEETING DATES

The next regular meeting date is July 11, 2023

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 10:50am.

Aaron Barcellos, President

Steve Fausone, Secretary

PANOCHÉ DRAINAGE DISTRICT

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



NOTICE OF INTENT TO AWARD

July 5, 2023

RE: Notice of Intent to Award Bid for PDD Prop 84 Agreement 4600012787 Invitations for Bids for 49,250 pounds of Jose Tall Wheatgrass Seed

Dear Bidders,

This communication serves as the Notice of Intent to Award for the Invitation for Bids (IFB) for the above project.

The following vendors submitted bids to the above solicitation:

- **R.C. Sherwood Grain Co., Los Banos, California, 49,250 pounds Total Cost \$189,612.50**
- **Lockwood Seed & Grain, Chowchilla, California, 40,000 pounds Total Cost \$126,900.00**

This letter is to notify you that the District has reviewed all proposals and recommends that the project be awarded to R.C. Sherwood Grain Co. This notice of intent to award is subject to your successful satisfaction of the requirements as stated in the invitation for bid.

On July 11, 2023, the Panoche Drainage District Board will motion to award the proposed bid received. Therefore, we will announce the award after the scheduled meeting, if the District does not receive any protests.

Any bidder who wishes to protest the proposed award based on any matter(s) must submit such bid protest in writing to Josh Marquez, no later than July 10, 2022 by 3:00 p.m. Protest can only be submitted by the party that submitted the bid, by one of the following methods:

Via mail or hand delivered between 7:00 a.m. and 4:00 p.m. to

Panoche Drainage District
52027 West Althea Avenue
Firebaugh, CA 93622

Or, via email to the following address jmarquez@panochewd.org

If the District receives one or more appeals, we will consider awarding the bid until we have issued a final determination with respect to any such appeal. Should you have any questions, please contact Josh Marquez at 209-364-6136 or via email at jmarquez@panochewd.org.

We appreciate your interest in doing business with Panoche Drainage District.

Best regards,

Josh Marquez
Contracts Administrator
cc: Chase Hurley, Interim General Manager

PANOCHE DRAINAGE DISTRICT				
ACCOUNTS PAYABLE LIST				
PAYMENTS RUN FROM 6/20/2023 thru 7/11/2023				
DATE	CHECK NUMBER	VENDOR	AMOUNT	MEMO
7/11/2023	7113	BRADLEY & SONS WELL DRILLING INC.	\$ 76,225.00	MONITORING WELLS GBP
7/11/2023	7114	EMPLOYER'S CHOICE	\$ 968.00	CLEANING DITCHES
7/11/2023	7115	PACIFIC GAS & ELECTRICT	\$ 1,383.46	JUNE 2023 ELECTRICAL POWER
7/11/2023	7116	PANOCHE WATER DISTRICT	\$ 20,619.48	MAY 2023 SLD O&M BYPASS
7/11/2023	7117	PANOCHE WATER DISTRICT	\$ 22,947.34	MAY 2023 LABOR \$ 10,017.88, EQUIPMENT \$ 9,018.06, WATER SAMPLES \$ 1,247.00, CHEMICALS \$ 2,065.79, BANK FEE \$ 111.03 & ADMIN ALLOCATION \$ 487.58
7/11/2023	7118	PEGBOARD	\$ 151.15	DAILY HERBICIDE SHEETS
TOTAL			\$ 122,294.43	
PANOCHE DRAINAGE DISTRICT/PROP 84				
ACCOUNTS PAYABLE LIST				
PAYMENTS RUN FROM 6/20/2023 thru 7/11/2023				
DATE	CHECK NUMBER	VENDOR	AMOUNT	MEMO
6/29/2023	10179	MCELVANY INC.	\$ 958,761.82	PROGRESS PAYMENT # 3
7/6/2023	10180	MCELVANY INC.	\$ 1,384,280.92	PROGRESS PAYMENT # 4
7/11/2023	10181	SUMMERS ENGINEERING INC	\$ 10,862.88	ADMIN, SHORT TERM BASIN STORAGE & WESTSIDE CONVEYANCE PROJECT
TOTAL			\$ 2,353,905.62	

**PANOCHÉ DRAINAGE DISTRICT
TREASURER'S MONTHLY FINANCIAL REPORT
BALANCE SHEET-CURRENT ASSETS & LIABILITIES**

DATE AS OF	June 30, 2023	May 31, 2023
<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	\$78,728	\$37,667
NOTE PAYABLE - PWD	\$98,593	\$110,779
CASH ADVANCE - PWD (APRIL 2023)	-	\$135,000
TOTAL CURRENT LIABILITIES	\$177,321	\$283,446
<u>CASH AND INVESTMENT ACCOUNTS</u>		
CHECKING ACCOUNT	\$225,949	\$359,643
FRESNO COUNTY FUNDS	\$555,464	\$555,464
PROP 84 CHECKING	\$11,954	\$34,207
LAIF ACCOUNT	\$112,384	\$112,384
TOTAL CASH AND INVESTMENTS	\$905,751	\$1,061,698
<u>ACCOUNTS RECEIVABLES</u>		
DRAINAGE SERVICE CHARGES	\$23,905	\$96,544
OTHER RECEIVABLES	-	-
DELINQUENT ACCOUNT CHARGES	\$220,681	\$133,601
TOTAL ACCOUNTS RECEIVABLES	\$244,586	\$230,145
TOTAL CURRENT UNAUDITED ASSETS	\$1,150,337	\$1,291,843
NET CURRENT UNAUDITED ASSETS (NET CASH POSITION)	\$973,017	\$1,008,397

General Ledger Detail Report
Summary Report for Period 01 Thru 04 Ending 6/30/2023




PANOCHÉ DRAINAGE DISTRICT (PDD)

Account Number/Description	Beginning Balance	Debit	Credit	Net Change	Ending Balance
1311-000					
FRESNO COUNTY CASH ACCOUNT	424,372.38	131,092.09	0.00	131,092.09	555,464.47
1311-600					
MECHANIC CKNG#*****0066	242,229.08	1,347,313.95	1,363,593.69	16,279.74-	225,949.34
1312-010					
MECHANIC-PROP 84 CK ACCT#*****6000	39,378.69	1,500,899.70	1,528,324.44	27,424.74-	11,953.95
1313-000					
L. A. I. F.	186,145.97	1,237.73	75,000.00	73,762.27-	112,383.70
Report Total:	892,126.12	2,980,543.47	2,966,918.13	13,625.34	905,751.46

RETURN SERVICE REQUESTED

PANOCHÉ DRAINAGE DISTRICT
 PDD CHECKING
 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



**BUSINESS LINE OF CREDIT
 UP TO \$100,000**

Prime +0%
APR

LIMITED TIME OFFER
www.MechanicsBank.com/GrowIt

All loans and credit products subject to program eligibility, collateral, underwriting approval and credit approval. Offer is for new lines of credit and does not apply to renewing lines of credit. Subject to change or cancellation without notice. Offer is effective as of 3/17/2022 and subject to change or cancellation without notice. Prime Rate is defined as "the Prime Rate as published daily in the Money Rates section of the Wall Street Journal." For the current Prime Rate, talk to a banker or visit <https://www.wsj.com/market-data/bonds/moneyrates>.

WATCH OUT FOR CARD OR ACCOUNT LOCKED SCAMS

Criminals contact you via phone, text or email pretending to be your bank or a credit card company, and tell you that your account is "locked" or "frozen" from fraudulent attempts to access it. They then ask for your card number, account number, password or PIN to "unlock" the account. **Learn how to spot this scam at www.MechanicsBank.com/Security.**

Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX0066	\$225,389.90

California State Treasurer *Fiona Ma, CPA*



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

July 05, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

PANOCHÉ DRAINAGE DISTRICT

GENERAL MANAGER/ACCT SUPERVISOR
52027 WEST ALTHEA AVENUE
FIREBAUGH, CA 93622

[Tran Type Definitions](#)

Account Number: 90-10-001

June 2023 Statement




Account Summary

Total Deposit:	0.00	Beginning Balance:	112,383.70
Total Withdrawal:	0.00	Ending Balance:	112,383.70

RETURN SERVICE REQUESTED

PANOCHÉ DRAINAGE DISTRICT
 PROP 84 NO 4600012787
 52027 W ALTHEA AVE
 FIREBAUGH CA 93622-9401

Managing Your Accounts

-  Client Services 800.797.6324
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**BUSINESS LINE OF CREDIT
 UP TO \$100,000**

Prime +0%
APR

LIMITED TIME OFFER
www.MechanicsBank.com/GrowIt

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Summary of Accounts

Account Type	Account Number	Ending Balance
PUBLIC CHECKING	XXXXXXXX6000	\$970,715.77

PANOCHÉ DRAINAGE DISTRICT BUDGET (March 1, 2023 - February 29, 2024)				
Report thru 6/30/2023	Budget 2023-2024	Actual	Remaining	
OPERATING REVENUES				
Drainage Service Fee	\$ 2,118,869	\$ 1,113,330	\$ 1,005,539	47%
Fresno County Property Tax	\$ 275,000	\$ 131,092	\$ 143,908	52%
SLDMWA Reimbursement	\$ 145,000	\$ 41,817	\$ 103,183	71%
Annexation Reimbursement	\$ 120,000	\$ -	\$ 120,000	100%
Other Revenues	\$ 10,000	\$ 10,909	\$ (909)	-9%
TOTAL REVENUES	\$ 2,668,869	\$ 1,297,148	\$ 1,371,721	
OPERATING EXPENSES				
San Joaquin River Improvement Project	\$ 1,002,570	\$ 501,285	\$ 501,285	50%
Grassland Bypass Project	\$ 695,951	\$ 347,976	\$ 347,975	50%
Irrigated Lands Program	\$ 225,733	\$ 112,867	\$ 112,866	50%
San Luis Drain Maintenance	\$ 145,000	\$ 118,054	\$ 26,946	19%
Annexation	\$ 120,000	\$ 14,943	\$ 105,057	88%
Repairs & Maintenance	\$ 105,000	\$ 26,983	\$ 78,017	74%
Labor - Field	\$ 85,000	\$ 23,450	\$ 61,550	72%
Professional Fees	\$ 75,000	\$ 9,247	\$ 65,753	88%
Legal Costs	\$ 67,000	\$ 12,520	\$ 54,480	81%
Labor - Admin	\$ 35,000	\$ 11,347	\$ 23,653	68%
General Overhead	\$ 30,000	\$ 4,865	\$ 25,135	84%
Dues & Subscriptions	\$ 20,000	\$ 19,640	\$ 360	2%
Energy	\$ 16,800	\$ 4,489	\$ 12,311	73%
Herbicides	\$ 15,000	\$ 3,108	\$ 11,892	79%
San Joaquin Valley Drainage Authority	\$ 10,803	\$ 5,401	\$ 5,402	50%
Insurance	\$ 9,000	\$ 3,790	\$ 5,210	58%
Interest	\$ 8,012	\$ 14,761	\$ (6,749)	-84%
Water Quality Monitoring	\$ 3,000	\$ -	\$ 3,000	100%
TOTAL EXPENSES	\$ 2,668,869	\$ 1,234,726	\$ 1,434,143	
INCOME/(LOSS)	\$ -	\$ 62,422	\$ (62,422)	
Drainage Service Fee - Regular	\$ 54.75	\$ 71.75	\$ (17.00)	-24%
Drainage Service Fee - Landlocked	\$ 13.25	\$ 17.50	\$ (4.25)	-24%
			Reg/Ac.	LL/Ac.
San Joaquin River Improvement Project	\$ 1,002,570	\$ 501,285	\$ 20.57	\$ 4.98
	38%	41%		
Grassland Bypass Project	\$ 695,951	\$ 347,976	\$ 14.28	\$ 3.46
	26%	28%		
Irrigated Lands Program	\$ 225,733	\$ 112,867	\$ 4.63	\$ 1.12
	8%	9%		
San Joaquin Valley Drainage Authority	\$ 10,803	\$ 14,943	\$ -	\$ -
	0%	24%		
Sub-Total	\$ 1,935,057	\$ 962,129		
Panoche Drainage District	\$ 733,812	\$ 272,597	\$ 15.05	\$ 3.64
	27%	22%		

PDD Admin \$ 364,012 13.6%
PDD O&M \$ 369,800 13.9%

PANOCHÉ DRAINAGE DISTRICT					
AGED ACCOUNTS RECEIVABLE, BY DUE DATE					
As of 6/30/2023					
Name	31-60 Days	61-90 Days	Over 90 Days	Total A/R	
B & C Farms, c/o Francisco & Romelia Nunez	1,534.95	-	26,354.04	27,888.99	
Bryant L. Jolley	3,978.18	-	-	3,978.18	
Carbajal, Sylvia	311.04	-	5,109.97	5,421.01	
Carter, Raymont & Shelley	32.76	-	-	32.76	
Cecilia Echeveste Survivor's Trust	8,230.95	287.59	23,719.85	32,238.39	
Correia 2015 Living Trust	17,013.51	-	-	17,013.51	
Crimsonco, LLC	178.47	-	-	178.47	
Imperial Merchants USA, LLC	-	162.96	21,562.82	21,725.78	
Kenneth Bethel 2015 Trust	4,378.32	-	-	4,378.32	
Lupe Brown	55.89	-	74.00	129.89	
McGrath, Mary K.	3,858.03	-	-	3,858.03	
Nyman, Brad & Kristi	16,535.88	-	-	16,535.88	
Nyman, Rebecca	21,161.25	-	-	21,161.25	
Panoche Drainage District	6,231.60	-	42,595.29	48,826.89	
PDD - Maverick	17,000.76	-	-	17,000.76	
Ram, Charles Rene	312.39	-	-	312.39	
Total:	100,813.98	450.55	119,415.97	\$ 220,680.50	
NOTES:					
GBA has promised payment of PDD-Maverick's account.					
Kenneth Bethel paid \$ 4,378.32					
Talked to Echeveste / Property in Escrow - when closed will pay in full					
Called Diedrich / LVM & E-mailed - finally texted.					
Talked to Nyman / Sending Check in Full 7/5/23					

PANOCHÉ DRAINAGE DISTRICT

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



BOARD MEETING MEMORANDUM

TO: BOARD OF DIRECTORS

FROM: CHRIS CARLUCCI, OPERATIONS & MAINTENANCE MANAGER

SUBJECT: DIVISION REPORT – OPERATIONS & MAINTENANCE

DATE: JULY 11, 2023

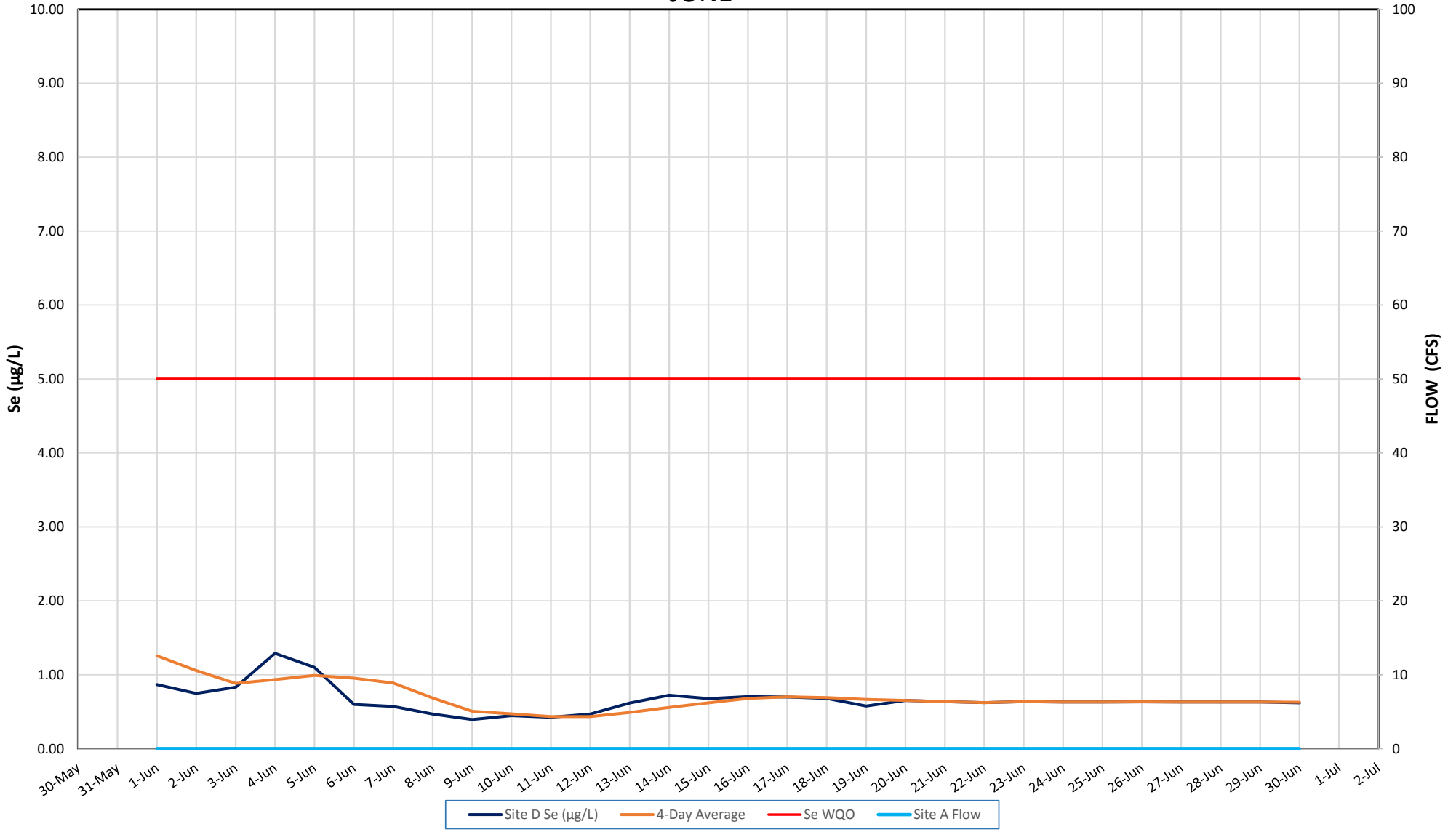
CC: CHASE HURLEY, INTERIM GENERAL MANAGER

For the month of June, the following operations and maintenance activities occurred as follows:

- General Maintenance
- Installed new 60" head gate for Agatha gate
- Cleaned Lateral 2 spill drain
- Weed control- Sprayed Althea drain, Russell drain and sprayed the SLD section # 2
- Charleston Drainage District- Checking oilers on CH-2 pumps

Mud Slough Water Quality - 2023

JUNE





June 19, 2023

*Panoche Drainage District
52027 W Althea Ave
Firebaugh, CA 93622*

Hello!

It's Matt, again. I am reaching out about leasing your property in Fresno County, California. We specifically qualified your property due to its proximity to a PG&E substation and the fact that it meets the minimum number of acres to engineer and construct a community solar project.

Our company, ESA, is a 75-person, family-owned and operated company with decades of experience in developing, permitting, constructing, and operationalizing 20 – 50-acre solar farms. We would love to work with you.

California has passed a new law (AB2316) that allows for Community Solar in the State. This means we can sell electricity from our small solar farms directly to community members. You do not need to buy electricity. You are simply the landlord for our projects! Leasing your land to a community solar farm is a great way to diversify your revenue and create long-term passive income.

Due to your property's proximity to a PG&E substation, we are interested in leasing it for \$2,000 per acre per year with an annual 2% escalator.

In this envelope, I have included **three informational documents** related to leasing your land:

- Our Letter of Intent (LOI) to lease your land
- A Frequently Asked Questions (FAQ)
- A Williamson Act Flyer

I live in Sacramento County and would be pleased to meet you at your property so that we can discuss how you can farm the sun! Feel free to give me a call or email me.

Best Regards,

A handwritten signature in blue ink that reads "Matthew Kantor".

Matthew Kantor
Real Estate Associate
Email: mkantor@esa-solar.com | Phone: 925-818-7845



LETTER OF INTENT

We are pleased to submit this Letter of Intent to you in connection with the lease of certain land owned by Panoche Drainage District, located in Fresno County, California.

We are interested in leasing between 15 – 50 acres to install an approximately 2 to 5-megawatt AC ("MW") solar energy system. We would insure and maintain such system with no cost or liability to Landlord. The terms contained herein are not comprehensive and we expect that additional terms, including insurance coverage, reasonable warranties, and representations, will be incorporated into a formal ground lease agreement (the "Formal Agreement"). The basic terms are as follows:

1. TENANT

The Tenant shall be ESA which installs and operates photovoltaic ("PV") generating facilities.

2. LANDLORD

The Landlord is Panoche Drainage District with a mailing address of 52027 W Althea Ave, Firebaugh, CA 93622.

3. PREMISES

The premises which is the subject of this Letter of Intent is approximately 320.15 acres identified as Parcel ID(s) 00409044ST in Fresno County. Please excuse an error in the Parcel ID, the County GIS service is not always accurate. If you have more than one parcel that qualifies, we are listing them all as we are open to your preference.

4. USE OF PREMISES

The Landlord hereby acknowledges and agrees that the Tenant intends to install and operate a ground mount photovoltaic generating facility at the Parcel referenced in Section 3. Landlord acknowledges and agrees Tenant will install a 6' perimeter fence around the lease area to secure the improvements. The system size is estimated to be up to 5 MW AC.

5. RENT

During the term of the Lease, the Tenant shall pay to the Landlord annual rent in the amount of \$2,000 per utilized acre with a 2% annual escalator, with rent commencing on the date that the system reaches commercial operation.

6. INITIAL TERM

The Initial Term of this lease shall be for a period of twenty (20) years beginning on the date of rent commencement, or operational date, whichever is later. Tenant may extend the Term for three (3) additional five (5) year periods by providing written notice to the Landlord prior to the expiration of the Initial Term.

7. OPTION PAYMENT

Within thirty (30) days from Tenant and Landlord fully executing the Formal Agreement, Tenant shall pay Landlord an Option Payment of \$2,500. The payment shall be sent to the mailing address referenced in Section 2 in the form of a check or money order.

8. INITIAL DUE DILIGENCE PERIOD

Tenant shall have twelve (12) months from the Effective Date to inspect the Leased Premises to determine if it is suitable for the Solar Operations. Tenant may extend the Due-Diligence Period for three (3) additional twelve (12) month period by providing written notice to Landlord along with a \$2,500 payment to the Landlord prior to the expiry of the Initial Due-Diligence Period.

9. TESTING

During the Due Diligence Period, Tenant shall have full access to the Property and shall be entitled to conduct (at Tenant's sole expense) any testing of the Property as Tenant deems appropriate or convenient including conducting surveys, studies or testing of environmental, biological, cultural, historical, boundary or geotechnical matters. Tenant's activities will not prohibit the agricultural activities taking place on the premises.

10. CROP REMOVAL

Tenant shall work with Landlord in good faith to coordinate timing of construction so that it does not interrupt the harvesting of crops of the site. Landlord may continue with its farming lease and Tenant shall notify the Landlord 90 days before the start of construction. If Landlord is unable to harvest or remove crop, Tenant shall pay a fair market value for the crop removal for the area that Tenant is intending to lease.

11. TAXES

Tenant will pay all taxes attributable to the improvement of the property.

12. ROLLBACK TAXES

In the event that Tenant's use of the Premises for the Solar Operations causes the Premises to lose its classification as "Agricultural land", and the loss of such "Agricultural land" classification triggers the required payment of "rollback" taxes which are imposed due to such change in use of the Premises, then Tenant shall reimburse Landlord for such "rollback" taxes.

13. ZONING APPROVALS

Landlord acknowledges that Tenant may, at its own expense, file applications with federal, state, and local governmental bodies for (a) grant of approvals, environmental permits, stormwater permits, road permits, and grading, construction, building operations and related governmental permits, licenses and approvals (collectively, "Project Permitting") for the Improvements and/or Solar Operations, and (b) any zoning relief for the Property necessary to permit the issuance of the Project Permitting or the Solar.



14. INSURANCE

Throughout the Term, Tenant shall maintain and pay for (i) general liability insurance with limits of not less than \$1,000,000 per occurrence and \$1,000,000 aggregate; (ii) excess liability insurance with a limit of not less than \$1,000,000 in the aggregate, in each case for injury to any person and for damage to property; and (iii) property insurance, insuring the Improvements for the full replacement cost thereof.

15. COMMITMENT

Landlord and Tenant shall make a good faith effort to complete the Formal Agreement.

16. CONFIDENTIALITY AND EXCLUSIVE OPPORTUNITY

All negotiations regarding the Formal Agreement will be confidential and will not be disclosed to anyone other than respective advisors and internal staff of the parties. Following the execution of this Letter of Intent, the Landlord will not offer the Premises for lease or sale to any other party for six (6) months.

17. ACCEPTANCE

If you are agreeable to the foregoing terms, please sign and return a duplicate copy of this Letter of Intent by no later than July 15, 2023.

**CALIFORNIA COMMUNITY SOLAR LETTER OF INTENT
AGREED AND ACCEPTED**

LANDLORD

Name Panoche Drainage District
Phone number _____
Signature _____
Date _____

TENANT

ESA

Name _____
Signature _____
Date _____

Note: If you are signing and returning the Letter of Intent, please mail to:
ESA c/o Sophia LaFortune
2250 Lucien Way, Suite 305
Maitland, FL 32751
Real Estate Associate: Matthew Kantor

Community Solar

Frequently Asked Questions



WHAT IS A SOLAR FARM?

A solar farm uses many photovoltaic (PV) solar panels to turn sunlight into electricity. Electricity flows through inverters and transformers before connecting to the local power lines. Depending on the state and policy, solar farms range in size from 10 to 3,000+ acres. For the proposed community farm program that the State is considering, we are targeting 20 – 80 acres!

Fun fact: In California, you can power about 300 homes with a 7-acre solar farm.

I THOUGHT SOLAR PANELS WERE INEFFICIENT AND INEXPENSIVE. HOW DO I KNOW THIS IS FINANCIALLY VIABLE FOR THE LONG TERM?

The cost of electricity from solar farms has dropped 90% in the past decade, making it the most cost-effective source of electricity. With recent changes pushed in the legislature to allow for Community Solar, the State of California is working to allow us to independently operate our solar farms and sell the electricity directly to California residents and businesses, bypassing the utility company. This business model allows us to guarantee our lease payments for a minimum of 20 years.

WILL PROPERTY TAXES INCREASE WITH THE SOLAR PROJECT BEING BUILT ON MY LAND? WHO IS GOING TO PAY FOR THOSE TAXES?

Yes, property taxes will increase on the land due to the value of the equipment that will be installed. Through the lease agreement, we are responsible for paying the increase in property taxes over the entire period that we are leasing your land.

MY LAND IS BEING FARMED. DOES THAT AFFECT CONSTRUCTION? HOW LONG BEFORE CONSTRUCTION BEGINS?

That is no problem! On average, projects of this scale take about three to four years of development work prior to the start of construction. The first 18 – 24 months will largely consist of engineering, technical studies, state regulatory approvals, and local permitting approvals. In the final months leading up to construction, we will be structuring the financing and agreements to sell the electricity to California residents and businesses.



Community Solar

Frequently Asked Questions



WHAT IF WE ARE IN THE MIDDLE OF A GROWING SEASON AND YOU NEED TO START CONSTRUCTION?

We typically avoid this scenario because we understand the hard work and financial investment that farmers have in time, materials, seeds, fertilizer, etc. However, if we need to start construction before you can harvest, in the lease agreement, we include a “Crop Loss” provision. This provision states that we, will be responsible for compensating you or your tenant farmer at the fair market value of the existing crop.

ARE YOU GOING TO COVER MY LAND IN CONCRETE? HOW ARE THESE PROJECTS BUILT?

No. Modern solar farms are constructed by driving steel posts into the ground. Afterwards, steel beams are connected to the posts and then the panels are structurally attached to the beams. With this technique over 95% of the land remains permeable. Most of the access roads on site will be unpaved, and concrete pads are usually installed only under transformers and small electrical equipment.

DO SOLAR PANELS POSE A FIRE RISK?

No. The National Electric Code (NEC) requirements minimize fire risk and require all components to be Underwriters Laboratories (UL) Listed. Solar developers must follow local, state, and National Fire Protection Association (NFPA) standards for project design, equipment selection, construction plans, and operations procedures. The electricity industry is one of the highest regulated industries in the U.S., and solar farms are held to a high standard.

DO SOLAR PROJECTS HAVE AN IMPACT ON BIRDS?

The solar project on your property will use photovoltaic (PV) solar technology, which has a minimal impact on bird populations. Most reports of birds being negatively impacted by solar farms are from concentrated solar power—an older, more expensive solar technology that is uncommon today. Solar energy has a net benefit to birds when compared to fossil fuel generation sources.



Community Solar

Frequently Asked Questions



CAN THE LAND RETURN TO FARMLAND AT THE END OF THE LEASE?

Absolutely. In addition, by incorporating holistic land management practices such as planting native grasses, utilizing grazing livestock for vegetative management, and minimizing the amount of machinery on-site for maintenance, the soil can rest and even be regenerated over the life of the project.

WILL YOU HAVE INSURANCE ON THE PROJECT?

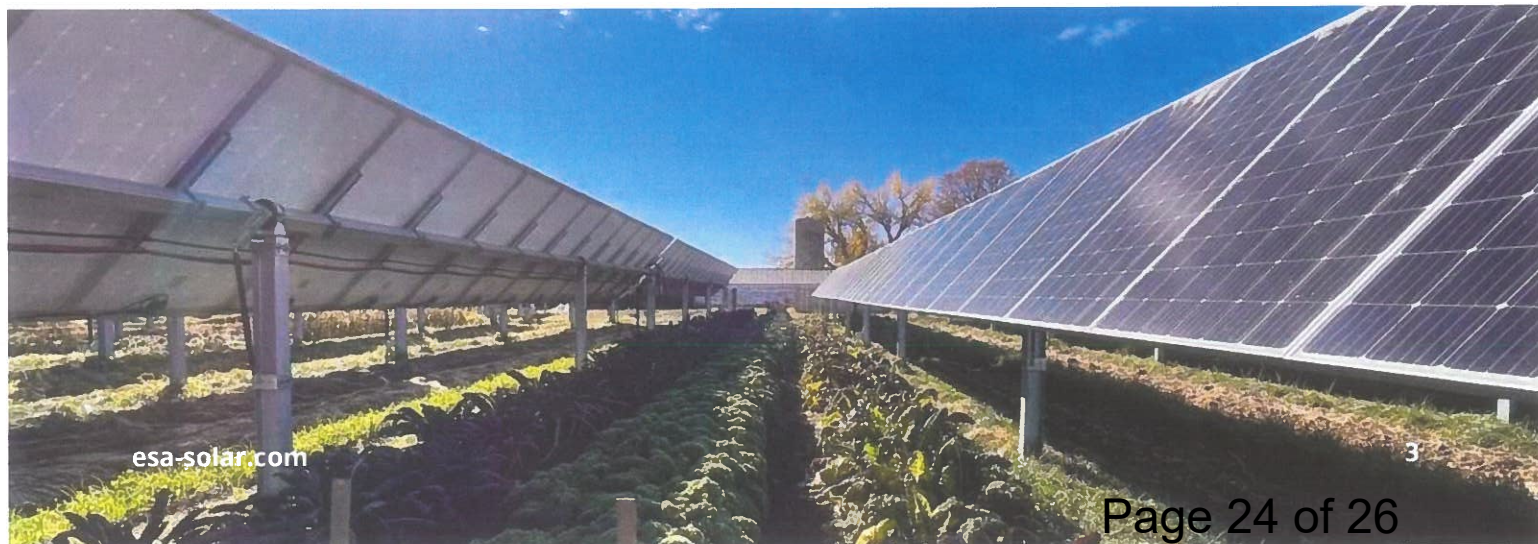
Yes, and yes. We will obtain and keep in effect at all times during the term of the agreement comprehensive general liability insurance of not less than \$1,000,000. In the lease agreement, the landowner has the option to be added as an additionally insured party

WHO REMOVES THE SOLAR PROJECT AT THE END OF THE LEASE?

We will be responsible for this. Under the lease agreement, there is a "Restoration Period" which obligates the tenant to remove all the equipment. Over 90% of the weight of a project is in steel, aluminum, copper and glass which all have salvage values.

DO SOLAR FARMS CREATE NOISE POLLUTION?

Noise generated by large-scale solar installations is not audible above ambient noise outside the facility fence to residents and other adjacent properties. The inverters generate a low buzzing sound as they convert electricity from the direct current generated by PV modules to the alternating current used by the electric grid. There is also some noise from the support racks that track the sun daily. During the day, now and then, frames will move a few inches at a time, which takes a few seconds for each adjustment. The hum from inverters and the noise from the racks cannot be heard outside the fenced-in project area.



Community Solar

Frequently Asked Questions



DO SOLAR FARMS CREATE GLARE?

PV modules use non-reflective glass designed to absorb rather than reflect the light that hits the panels to convert solar energy into electricity. PV modules are less reflective than windows or water. The Indianapolis Airport (and a dozen more airports in the U.S.) has a 100-acre solar farm adjacent to its runway.

HOW WILL THIS IMPACT PROPERTY VALUES?

Research indicates that community solar has no negative impact on adjacent property values. The main reason was that these facilities do not create harmful traffic, sound, odor, or pollution impacts. Solar companies can even engage landscape architects to strategically design and install vegetative buffers at key locations.

WHAT IS THE HEIGHT OF THE SOLAR PANELS ONCE INSTALLED?

Solar panels track the sun throughout the day. As they tilt, the one-panel design proposed here ranges in height between 5'-9' at the highest point.

WILL THERE BE HAZARDOUS MATERIALS OR RISKS TO THE ENVIRONMENT?

No hazardous materials will be used in the project construction or operation (beyond the fuel required for construction equipment). Solar panels do not create air pollution, leach chemicals, or generate electromagnetic fields. Solar panels are installed on millions of homes and properties throughout the U.S. and are not classified by the EPA as hazardous materials.



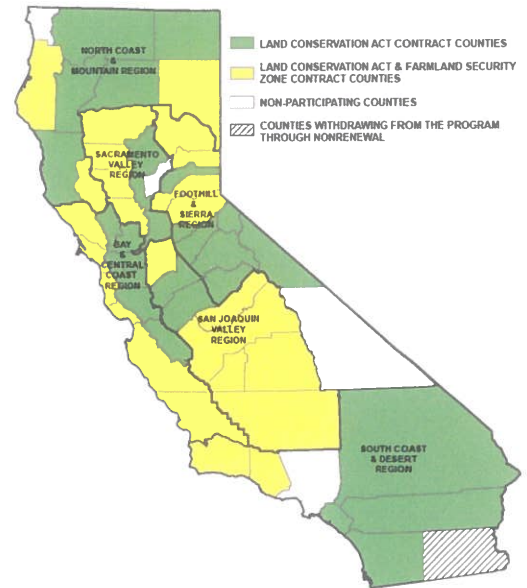


Williamson Act and Community Solar Can Coexist Harmoniously

Design Changes to Enable Agrivoltaics

- **Panel Height:** The height of the solar panels will be adjusted to allow for the passage of machinery, equipment, and workers underneath the panels.
- **Panel Spacing:** Wider row spacing between solar panels will provide more space for farming equipment to pass through.
- **Soil Remediation:** Deep tillage and/or aeration can be used to break up the compacted soil and improve drainage once heavy machinery is no longer operating on-site.
- **Ground Cover:** Ground cover can be established to reduce soil erosion and improve soil quality.
- **Wildlife-Friendly Fencing:** Woven wire fencing can be installed around the perimeter to enable the passage of small mammals.
- **Pollinator Habitat:** Incorporate native plantings, wildflower meadows, pollinator-friendly grasses, bee boxes, and insect hotels
- **Sheep Grazing:** Develop a grazing management plan, create grazing lanes, provide water sources, and monitor the grazing.

California Department of Conservation
The Williamson Act: 2020-21 Status Report



Existing Operations Eligible for Agrivoltaics:

- Shade-tolerant vegetables
- Herbs
- Berries
- Vineyards
- Wildflowers
- Sheep Husbandry
- Cattle

Let's connect as soon as possible to discuss this opportunity. Since Community Solar Farms rely on existing infrastructure, there is only so much capacity on the power lines available in your area before the opportunity is gone.

