



## **PAJARO VALLEY WATER MANAGEMENT AGENCY**

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**Board of Directors Meeting**  
September 17, 2014, 7:00 p.m.

**City Council Chambers**  
275 Main Street, 4<sup>th</sup> Floor  
Watsonville, CA 95076

### **BOARD MEETING MINUTES**

1. **Call to Order:** The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order at 7:07 P.M. by Chair Imazio, in the City Council Chambers, 275 Main Street, 4<sup>th</sup> Floor, Watsonville, CA.
2. **Roll call of the PVWMA Directors:**  
  
Board Members Present: Imazio, Cavanaugh, Persoff, Newell, Faurot, Zamora  
  
Board Members Absent: Lynn  
  
Staff Members Present: Mary Bannister, General Manager (GM)  
Brian Lockwood, Sr. Water Resources Hydrologist (SWRH)  
Laura R. Taay, Administrative Analyst (AA)  
Teresa Delfino, Administrative Services Manager (ASM)  
Others Present: Lauren Valk, Assistant Agency Counsel (AAC)
3. **Pledge of Allegiance**
4. **Oral Communications:** None
5. **Director Comments:** None
6. **Counsel Report:** AAC will be presenting Agenda Items 9A & 9B
7. **General Manager Report:** GM stated that she, SWRH Lockwood and Lidia Gutierrez, Consultant, met with Department of Water Resources, Prop 50 Grant representatives Muzaffar Eusuff, Lead Program Manager, and Cory Saltsman, Environmental Scientist, Project Manager. Staff took the representatives on a tour of completed and on-going grant funded projects. The original grant was for \$25 million, awarded in 2007 and expiring in 2016: \$6 million went toward the Recycled Water Facility, \$4.5 went toward the Coastal Distribution System, as well as the Pajaro River bench excavation project for counties, RCD monies and Action Pajaro Valley community consensus funding. Coincidentally, the lead Program Manager worked on the original CDS design as an engineer with CHM2 when the project began.

The GM encouraged Director's to attend the Ad-Hoc funding BBQ on the 25<sup>th</sup> of September. A letter from Soquel Creek Water District (SCWD), Basin Implementation Group (BIG) and Basin Advisory Group (BAG) was received inviting our agency to participate as a voting member of the BIG. Our staff has always been involved with of SCWD advisory groups since we share an aquifer with them. Central Water District (CWD) is also very active with SCWD as well. CWD is located

inland of SCWD and adjacent to PVWMA. GM will discuss with Chair Imazio and bring back once we have received more information regarding this issue. SWRH Lockwood continues to stay involved with this group. Director Persoff asked if there was any overall county wide water advisory group. GM informed Director Persoff that Santa Cruz County has a group that meets monthly. The group is comprised of representatives from the respective districts of the Board of Supervisors. PVWMA is not an active participant in this group, but at times have given presentations. Santa Cruz County, Water Resources Division Director, John Ricker, represents the county in that group. We participate in the Tri-County Integrated Water Resources Management group.

The Santa Cruz County Water Conservation Coalition was present with a purple ribbon and Certificate of Participation for their outstanding efforts at the Water Conservation Booth during the Santa Cruz County Fair. The coalition is made up of all Santa Cruz County Water Districts. The certificate was received on behalf of the agency by SWRH Lockwood, Water Resources Technician, Casey Meusel and Water Resources Consultant, Marcus Mendiola. The SWRH showed several photos of the booth, those who staffed it, and described the type of information that was given to both children and adult visitors.

## 8. Consent Agenda

- A. Approved August 20, 2014 Minutes
- B. Approved Financial Reports for August 2014

**Action:** Director Newell moved to approve the Consent Agenda; seconded by Director Cavanaugh  
Motion carried by the following voice vote:

|                 |  |
|-----------------|--|
| <b>AYES:</b>    | Imazio, Cavanaugh, Persoff, Newell, Faurot, Zamora |
| <b>NOES:</b>    | None   |
| <b>ABSENT:</b>  | Lynn   |
| <b>ABSTAIN:</b> | None   |

## 9. Informational Items

### A. Receive analysis of recent court decision regarding application of the public trust doctrine- *Environmental Law Foundation v. State Water Resources Control Board*

AAC provided an analysis of a recent court decision that Director Cavanaugh brought to the Board's attention at its August 2014 meeting. A decision was issued on July 21, 2014, by the Superior Court of Sacramento County, regarding the Public Trust Doctrine and its Application to Groundwater regulation. The court found that the public trust doctrine applies to groundwater that is hydrologically connected to navigable waters where the extraction unfavorably distresses the navigable waterway. This is a Superior Court case, whereas both parties had requested the California Supreme Court to bypass the Court of Appeals and be taken under review by its original jurisdiction. For matters that are of State wide importance and of urgency the Supreme Court has the right to take on the review and skip the Court of Appeals. A petition was submitted in August by the County of Siskiyou.

For now, the public trust doctrine will only be a constraint on groundwater pumping in situations where there is strong evidence that pumping detrimentally affects a navigable waterway. Even then, a local agency may proceed with permitting groundwater pumping so long as it considers public trust resources and preserves those resources to the extent feasible.

At this time water issues are forefront of California Law making. Director Persoff asked if the Pajaro River was considered a navigable waterway, ACC replied she believed it was.

**B. Receive update on Sustainable Groundwater Management Act**

On August 29, 2014, the Legislature passed three bills to establish new comprehensive laws governing groundwater management, known as the Sustainable Groundwater Management Act (“Act”). SB 1168 (Pavley) establishes a requirement for local agencies to develop groundwater sustainability plans; AB 1739 (Dickinson) sets conditions for when the State can intervene in local management; and, SB 1319 (Pavley) delays State intervention where surface water has been affected by groundwater pumping. The bills work together and are currently pending signature of the Governor, who is expected to sign them before the end of September.

Counsel was asked by Board of Directors to continue research on new information regarding agenda Items 9A and 9B.

**No Further Action Taken****10. Discussion and/or Action Items****A. Consider proposed Ordinance 2014-01 repealing the Sunset Clause on the current rate structure**

Once the sunset clause is repealed, the Agency will be able to refinance its existing debt and realize approximately \$200,000 in annual savings and in addition, approximately \$2.6 million over the remaining life of its 1999 COPs. The Agency will also be able to take advantage of state issued, low-interest loans that may not be available next year, when the Agency adopts a new rate structure. The savings will allow the Agency more flexibility with respect to funding the projects and programs described in the Basin Management Plan. The Santa Cruz County Farm Bureau does not oppose the repealing the Ordinance and because of the substantial cost savings, several stakeholders in the community have voiced their support for the repeal of the sunset clause.

Director Newell moved to Adopt Ordinance 2014-01 Repealing the Expiration Date on our currently existing Augmentation Charges; seconded by Director Cavanaugh

Motion carried by the following voice vote:

**AYES:** Imazio, Cavanaugh, Persoff, Newell, Faurot, Zamora  
**NOES:** None  
**ABSENT:** Lynn  
**ABSTAIN:** None

**B. Review and Consider Joint Funding Agreement with U.S. Geological Survey for a Continuation of Hydrologic Modeling Services for an Agency Cost of \$150,000 through December 2016**

Presentation was given by SWRH Lockwood. The Pajaro Valley Hydrologic Model is a valuable tool that the Agency has invested in since 2005. The model allows staff, scientists, and consultants to better understand how the complex hydrologic system works at present, and how it might react given changing conditions whether it be new water supply facilities, improved water conservation practices, climate change, and more.

The original joint funding agreement for hydrologic modeling services with the USGS (September 2005) described two phases of work totaling \$759,500. The Agency funded \$459,400 or 60 % of the total cost between October 2005 and September 2010. During that same time period, the USGS funded \$300,100 or 40 %. Phase I of the project included: Task 1) Development of a conceptual model and importation of data from earlier efforts (Pajaro Valley Integrated Groundwater and Surface Water Model, or PV-IGSM, and MODFLOW-88) into the geospatial platform, ArcGIS;

Task 2) Converting earlier models (PV-IGSM, and MODFLOW-88) into MODFLOW-2005 (MF2K5); Task 3) Completing a model update through 2005; and, Task 4) Model calibration and flow analysis. Phase II of the original modeling agreement included: Task 5) the development of land use analysis and model linkages through the Farm Package (MFP); Task 6) Optimization analysis of BMP components; Task 7) Model report; and, Task 8) Land use linkages and optimization model report.

Models are most useful when kept current. The PVHM represents an investment the Agency has made to improve the understanding of the complex hydrologic system of the Pajaro Valley. This is an investment staff recommends be protected by keeping the model current, up-to-date, and in-use. The tasks described in the proposal include: Task 1) Migrating the model to a new and improved modeling code (MODFLOW-One Water Hydrologic Model or MF-OWHM) that among other things will allow staff to more easily update and run the model on a year to year basis; Task 2) Completing a model update to incorporate data through water year 2014, this task will include a post-audit of the Base-Case Projection to assess the performance of the model projections in the Delivered Water Zone; Task 3) Incorporate and conduct climate change analysis, this task will include incorporating results from recent hydrologic studies of the ungauged Watsonville Slough and College Lake watersheds; Task 4) Complete BMP model-projection analysis, which will allow staff to re-run the proposed BMP projects and programs given up-to-date projections on climate change; and, Task 5) Training and documentation. The majority of Task 1 is near completion.

Director Persoff commented that this is an extraordinary piece of work, wonderfully complicated, and suggested a four-hour work session for better understanding. Director Persoff also suggested inviting members of other water agencies and other boards to attend the work session.

Director Newell moved to approve a joint funding agreement with the U.S. Geological Survey for a Continuation of Hydrologic Modeling Services for an Agency Cost of \$150,000 through December 2016; Seconded by Director Persoff

Motion carried by the following voice vote:

**AYES:** Imazio, Cavanaugh, Persoff, Newell, Faurot, Zamora  
**NOES:** None  
**ABSENT:** Lynn  
**ABSTAIN:** None

**C. Consider contracting with NHA Advisors for financial advisory services**

A Request for Proposals was issued and two responses were received, JNA Consulting Group, LLC, Boulder City, Nevada and NHA Advisors, San Rafael, CA. Staff reviewed both proposals, references were contacted, and with NHA Advisors having had local experience, the staff recommendation went to the September Admin/Finance Committee meeting to contract with them. The services are proposed on a Time and Material basis. Due to some of our complicated finance arrangements, various loans, grants, COP'S, it will take some time for them to get up to speed. They do have an aggressive financing plan set. GM would like to have them present to the board at its October board meeting. NHA Advisors rates are somewhat less and they do not charge for travel. For projects associated with the issuance of notes, bonds, or other obligations they have a lump sum Fee Range charge.

Director Cavanaugh stated his concern of being charged by Time and Material. GM recommended that we put a cap of \$10,000 for an initial evaluation and then obtain a more refined cost proposal estimate from them.

Director Cavanaugh moved to approve contracting with NHA Advisors for financial advisory services with an initial cap of \$10,000; Seconded by Director Newell  
Motion carried by the following voice vote:

**AYES:** Imazio, Cavanaugh, Persoff, Newell, Faurot, Zamora  
**NOES:** None  
**ABSENT:** Lynn  
**ABSTAIN:** None

**D. Consider Resolution 2014-10 in Support of Proposition 1 – The Water Quality, Supply, and Infrastructure Improvement Act of 2014**

The Water Quality, Supply and Infrastructure Improvement Act of 2014 is a \$7.545 billion general obligation bond measure set for the November 2014 ballot. If approved by voters, the measure would provide funding for new surface and groundwater storage projects, regional water reliability, sustainable groundwater management and cleanup, water recycling, water conservation, watershed protection and safe drinking water, particularly for disadvantaged communities. Knowing there will be a lot of groundwater and recycle funding available to our agency we are supporting this Proposition.

Director Cavanaugh made a motion that the Board approve Resolution 2014-14 in Support of Proposition 1 – The Water Quality, Supply, and Infrastructure Improvement Act of 2014;  
Seconded by Director Persoff

Motion carried by the following voice vote:

**AYES:** Imazio, Cavanaugh, Persoff, Newell, Faurot, Zamora  
**NOES:** None  
**ABSENT:** Lynn  
**ABSTAIN:** None

**11. Monthly Reports/Presentations**

- A. Facility Operations Report
  - 1. Receive 2014 Supplemental Water Production Monthly Summary Report
- B. Board Committee Reports available at [www.pvwater.org](http://www.pvwater.org)

**12. Communications/Correspondences**

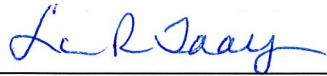
**13. Future Meetings**

- A. Water Quality and Project Operations – September 23, 2014, 3:00 p.m., Water Resources Center Conference Room, 500 Clearwater Lane, Watsonville
- B. Ad-Hoc Funding Committee, September 25, 2014, 2:00 p.m. City of Watsonville, Filter Plant, 6 Eureka Canyon Road, Corralitos
- C. Administrative/Finance Committee – October 14, 2014, 12:30 p.m., PVWMA Conference Room, 36 Brennan Street, Watsonville
- D. Board of Directors – October 22, 2014, 7:00 p.m., City Council Chambers, 275 Main Street, 4<sup>th</sup> Floor, Watsonville

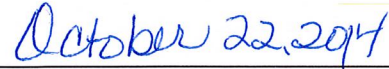
**14. Future Agenda Items**

**15. Closed Session**

**Adjourned at 9:02 p.m.**



**Laura R. Taay, Administrative Analyst**



**Date Approved**