



PAJARO VALLEY WATER MANAGEMENT AGENCY

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JOINT MEETING Board of Directors and Ad Hoc Funding Committee October 22, 2014, 4:00 p.m.

(PLEASE NOTE EARLY START TIME & LOCATION)

Santa Cruz County Fairgrounds
Heritage Building
2601 E. Lake Avenue
Watsonville, CA, 95076

MEETING AGENDA

Americans with Disabilities Act

The City Council Chambers is an accessible facility. If you wish to attend a meeting and you will require assistance in order to attend and/or participate, please call the Agency at (831)722-9292 in advance of the meeting and every effort will be made to accommodate your attendance and participation.

Agenda Item

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Note: The Board may take action on any item listed on the agenda.

1. Call to Order

2. Roll Call of

The PVWMA Directors: Rosemarie Imazio (Chair), David Cavanaugh (Vice-Chair), Rich Persoff, Dwight Lynn, Amy Newell, Paul Faurot, Javier Zamora

The PVWMA Ad Hoc Funding Committee: *roster attached*

3. Pledge of Allegiance

4. Oral Communications

This time is set aside for members of the general public to address the Board of Directors on any item not on the Agenda, and that is within the subject matter jurisdiction of the Board of Directors. Each speaker is allotted up to 3 minutes. No action or discussion shall be taken on any item presented except that the Board may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters pertaining to the Board may be scheduled for discussion at a future meeting or referred to staff for clarification or a report, at the pleasure of the Board.

5. Director Comments

6. Public Comments

7. Discussion Item

Special Presentation: 4:00 p.m.
Receive Draft Proposition 218 Service Charge Report

- 1. Introduction by staff**
- 2. Presentation by Committee/Staff**
- 3. Ad Hoc Funding Committee and Board discussion and comments**
- 4. Public comment**
- 5. Break-out for refreshments and further discussion**

8. Action Items

- A. Consider Approval of Resolution 2014-15 Expressing Gratitude to the Members of the Ad Hoc Funding Committee for their Service to PV Water and the Community

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9. Future Meetings

- A. Brown Bag Lunch, Screening of “Thirsty for Justice,” Thursday, October 30, 2014, 11:30 a.m., PVWMA Conference Room, 36 Brennan Street, Watsonville
- B. Water Quality & Project Operations Committee, Tuesday, November 4, 2014, 2 p.m., PVWMA Conference Room, 36 Brennan Street, Watsonville, CA
- C. Administrative/Finance Committee — **November 2014 meeting CANCELLED**
- D. Board of Directors — Wednesday, November 19, 2014, 7:00 p.m., City Council Chambers, 275 Main Street, Fourth Floor, Watsonville.

10. Adjournment (to be followed at 7:00 p.m. by Regular Board of Directors meeting)

MEMORANDUM

DATE: October 13, 2014
MEETING OF: October 22, 2014
TO: Board of Directors and Ad Hoc Funding Committee
FROM: General Manager
RE: **DISCUSSION AND/OR ACTION ITEM 7:** Receive Draft Proposition 218 Service Charge Report

BACKGROUND

Pajaro Valley Water Management Agency staff and consultants have completed the draft Proposition 218 Service Charge Report as directed by the Board in August 2014. The purpose of the Service Charge Report is to evaluate, explain, and substantiate the Agency's augmentation and delivered water charges. The Report also serves to provide the documentation necessary to meet Proposition 218 and other legal requirements.

Proposition 218 requires that the existing, new, or increases fees and charges meet certain requirements, summarized below (Cal. Const., Article XIII D, Sec. 6)

1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
3. The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
4. No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
5. No fee or charge may be imposed for general governmental services.

This cost of service study was conducted following the principles established by the American Water Works Association and utilizes the same methodology validated in the Pendry-Griffith Decision.

At tonight's meeting the Carollo Engineers will introduce and discuss the Draft Cost of Service Report.

DISCUSSION

The cost of service report is the culmination of an effort that began in June 2013 to re-establish rates in compliance with the requirements of Proposition 218. Based on the recommendation from the Ad Hoc Funding Committee and input from the Board, public and legal counsel, fees consisting of consumption based pumped groundwater charges, similar to the existing augmentation charge, and a separate delivered water charge are proposed. The proposal includes two separate tiers of groundwater pumping charges for metered wells, with a slightly higher rate for well users in the delivered water zone. The proposed charge for rural residential wells is based on average estimated usage per residence served. Details of the fees and cost allocations to each user category are presented in the report.

At tonight's meeting, PVWMA staff and consultants will present a summary of the report and the analyses supporting the effort. To provide ample time for Board and community input, an updated Draft report will be

prepared for the November 2014 Board meeting with a Final Report delivered in December for Board approval.

The numbers provided in the October Cost of Service Report are still in draft form and are being further refined following the elimination of the Sunset Clause, award of Proposition 84 Grant funding, and discussion with the Agency's new Financial Advisor. Staff is presenting the report with the draft numbers to allow the Board and Community extra opportunity to consider the approach and the approximate rate structure.

FISCAL IMPACT

No fiscal impact at this time. The new rates structure to be implemented on July 1, 2015 will increase revenues to fund the Basin Management Plan projects and programs. Completion of the Service Charge Report to support the new fee structure is within the Agency's current budget.

STAFF RECOMMENDATION

That the Board receives the presentation on the draft Proposition 218 Service Charge Report, accept public comment and provide direction to staff.

ATTACHMENTS

- The draft Proposition 218 Service Charge Report will be hand delivered to the Board, posted on the Agency's website, and provided at the meeting



Resolution 2014-15

A Resolution of the Board of Directors of the
Pajaro Valley Water Management Agency

Expressing Appreciation to the Ad Hoc Funding Committee for its Commitment and Contribution to the Agency and the Citizens of the Pajaro Valley

The Board of Directors of the Pajaro Valley Water Management Agency does resolve as follows:

WHEREAS, the Pajaro Valley Water Management Agency (“Agency”) has the defined purpose “to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and ensure sufficient water supplies for present and anticipated needs with the boundaries of the agency” (Cal. Water Code App. Ch 24, Sec. 124-1 to 124-1108).

WHEREAS, the Agency’s Board of Directors formed an Ad Hoc Funding Committee in July 2013 to provide a community led effort to establish a new PVWMA rate structure for funding the implementation of the Basin Management Plan Update

WHEREAS, the 15 members listed on the attached roster were appointed by the Board of Directors and spent nearly two years, and over 500 person-hours meeting 14 times in two to three hour long committee meetings to provide a recommended rates approach for consideration by the Board of Directors for inclusion in the Service Charge Report for 2015 rates setting, and,

WHEREAS, the Committee was successful in developing rates approach, as well as recommendations for a future tiered rates analysis and rescinding the 2015 sunset clause in the current rates structure, for consideration by the Board of Directors, which accepted the Committee’s recommendation on August 20, 2014,

NOW, THEREFORE, BE IT RESOLVED, by the Pajaro Valley Water Management Agency Board of Directors to express its deep and sincere appreciation to the members of the Ad Hoc Funding Committee for their commitment and contribution to the Agency and the Citizens of the Pajaro Valley.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the 22nd day of October, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Attest:

Rosemarie Imazio, Chair

Laura R. Taay, Secretary