



PAJARO VALLEY WATER MANAGEMENT AGENCY

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Board of Directors Meeting
March 19, 2014, 7:00 p.m.

City Council Chambers
275 Main Street, 4th 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, 4th Floor, Watsonville, CA.
- 2. Roll call of the PVWMA Directors:**

Board Members Present: Imazio, Cavanaugh, Persoff, Newell (left at 9:15p.m.), Faurot, Zamora

Board Members Absent: Lynn

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Sr. Water Resources Hydrologist (SWRH)
Jesus (Chuy) Martinez, Sr. Water System Operator (SWSO)
Laura R. Taay, Administrative Analyst/Board Secretary (AA)
Teresa Delfino, Administrative Services Manager (ASM)
Others Present: Tony Condotti, Agency Counsel (AC)
- 3. Pledge of Allegiance**
- 4. Oral Communications:** Ben Post, working with the Watsonville Wetlands Watch, delivered a photo bases presentation to bring awareness to trash and other debris in the slough system. He summarized ongoing efforts he and others doing to collect and remove trash from Harkins Slough near Lee Road while the water levels were extremely low due to the drought. Also shown was salt and brackish water being flushed back up into the sloughs due to weirs not working at San Andreas and Shell Roads.
- 5. Director Comments:** Director Cavanaugh expressed concern regarding the State Water Resource Control Board making gestures towards managing overlying groundwater rights. He said that it is important to understand what the impact could be if State did step in and try to manage groundwater. Enforcement of mandatory restrictions on groundwater extractions in this basin would face many challenges. Director Zamora asked GM if she had been in contact with any other agency that is going through what we are. GM stated that representatives from Paso Robles have been in contact as they are looking at basin wide management options for their over drafted basin. Director Persoff attended a Zone 7 Control Flood Zone Board meeting. He spoke on salt water incursion and expressed the desire to have a study session on the hydrology of the lower Pajaro River with perhaps having PVWMA be the lead agency and inviting as many people affected by the river as possible.
- 6. Counsel Report:** None

7. **General Manager Report:** GM reported having a very positive meeting with Lee Haskins of Del Mar Foods, the biggest industrial water user in valley. Del Mar Foods uses close to 1,000 a/f a year in their process plant. It was very gratifying having someone come in and tell us “keep up the good work, your board is doing a great job”. PJ Mecozzi and Lee Haskins are supportive of the work the Agency is doing and concerned about the drought and groundwater overdraft. Mr. Haskins is interested in having a telemetry unit on their meter to measure use in real-time and to discuss the possibility of taking project water at night to use in their plant. Our permit has strict rules on uses of recycle water, with agricultural irrigation being first and foremost. However, if there is additional night time supply above and beyond agricultural irrigation demands, and if Del Mar Foods has the capacity and the willingness to do the dual plumbing, the agency should be open to the idea and continue with discussions.

Roundtable of Regions solicitations for Emergency Grant funding. 1st round will be mid-summer and another round of funding in 2015. Grant total funding in the amount of approximately \$200 million. The Furman Group, our DC Lobbyist, the Bureau of Reclamation proposing \$52 million for WaterSmart program. \$19 million WaterSmart Grants, \$3.9 Basin Water Conservation Studies Program, \$4.5 million Conservation Field Service Program. We are hopeful to have them raise the cap for Title XVI Grant in order to help fund construction of additional storage tanks at the Recycled Water Facility.

GM noted upcoming events co-sponsored by PVWMA including the Water Resource Fair on 3/20/14, 5:00 pm – 8:00 pm, at the Santa Cruz County Fairgrounds, ACWA Region 5, March 23 & 24. On the 23rd Agency will be conducting a tour of the Water Recycle Plant. “Drought Agstravaganza” Water Resource Fair, April 10, focusing on Agriculture Conservation, Santa Cruz County Fairgrounds.

8. **Consent Agenda**

- A. Approved February 19, 2014 and March 5, 2014 minutes.
- B. Approved Financial Reports for February 2014.

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

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

9. **Discussion and/or Action Items**

- A. Public Hearing/Board Action: Receive Presentation and Conduct Hearing on Basin Management Plan Update and Final Environmental Impact Report (FEIR)
 GM presented a brief BMP history: PVWMA is charged with balancing the groundwater basin and has been engaged towards that end since inception. Planning, designing and building public works projects is not for the faint of heart. State and Federal law, environmental concerns, public trust issues and daunting costs all create challenges to getting our job done. In 2010 the Board created an Ad Hoc Basin Management Plan Committee to develop an update to the 2002 BMP that had been gutted when the essential project – an Import Pipeline was deleted, leaving us without a long-term solution. The State of California has been watching carefully, and has recently rattled sabers indicating that we’d better find a solution to our water resource problems or they will step in and take enforcement action. The Ad Hoc BMP committee was made up of 21 members representing multiple interests within the Pajaro Valley. After 1,200 hours of seat-time through 23 meetings 2 to 3 hours each, and supplemented by 7 brown bag informational lunches, the draft BMP was developed. The Board of Directors adopted the Draft BMP and directed staff to move forward with the EIR. In 2012, we began the required

environmental analysis. Denise Duffy & Associates worked with Carollo Engineers and staff to develop the draft EIR. The EIR is considered programmatic. At the time each of the broadly defined projects is taken to design stage, project level EIR's will be required, building off of this programmatic EIR. The Final EIR is comprised of the responses to comments and the draft document in its entirety.

The agency staff and counsel have had extended discussions with the College Lake Reclamation District (CLRD) regarding their concerns that the College Lake Project may impact the agricultural activities in the lake basin. As discussed previously, the CLRD would like to drain all of the potential 2,400 acre-feet of lake water during the months of March, April and May. For the project to meet the goals described in the BMP Update, the water would need to be held longer, although specific project details have not yet been developed. This is crucial to meeting other BMP goals, such as optimizing the use of our existing water supplies, such as recycled water. It is the intent of the agency to reimburse landowners in the College Lake area affected by any impacts or lost lease revenues that may be caused by PVWMA's proposed project. At the point that a more detailed project design is considered, a project level EIR will be required.

As a reminder, PVWMA owns 81 acres within the 315 acre Reclamation District. Reclamation District fees of \$18,000 on the tax rolls to the district last year. Frank Capurro, who owns 67 acres in the district is in favor of our project, and is willing to have us acquire his land or pay rent on it. He sent an email on 3/19/14 stating, *"Unfortunately I will not be able to attend tonight's meeting but you can pass this information on to the folks that do attend that we think that this will benefit the community as a whole and we are willing to sell our property."*

Mr. Wittwer, the attorney for the College Lake Reclamation District (CLRD), has stated that PVMWA's agency act requires agriculture be prioritized by the Agency. In my reading of that section, I believe the intent is for agriculture USES OF WATER to have priority within the constraints of state law. GM also stated that the Agency has requested a meeting with the landowners within the entire reclamation district but has not had agreement from them.

This is one of the biggest and most significant actions that is asked of our Board of Directors. It is the culmination of a public process that has been nearly 4 years long. The Ad Hoc BMP Committee, Denise Duffy & Associates, Carollo Engineers, staff and our Board of Director's have really put the time in and should be proud of these documents, which provide a roadmap to groundwater sustainability in the Pajaro Valley.

Denise Duffy of Denise Duffy & Associates, the firm that prepared the Draft and Final EIR for PVWMA, provided follow-up comments. She noted that the public process and notification are very important parts of the CEQA process. Staff did a more than adequate job, and went over and above the CEQA requirements ensuring public outreach with notifications and hearings, including four public meetings of the draft and final EIRs, many other meetings and the public review process was extended twice for the FEIR.

Public Hearing:

Comments were received from Jonathan Wittwer, Wittwer Parkin LLP, attorney for CLRD, Jim Van Houten, Jerry Busch, Lowell Hurst, John Diffenbaugh, Allen Harryman and John Ricker.

Comments received:

Jonathan Wittwer, Attorney for CLRD

- Making a determination about a significance threshold on agricultural land. The EIR states that the reduction of crop productivity due to inundating land for a longer period of time is not a significant impact. Not something they can live with.
This is a PVWMA determination – not a CEQA determination.

- What is proposed will eliminate the CLRD's ability to continue with agriculture.
- No one from CLRD was invited to attend the AH BMP Committee
- CLRD was/has not been considered a "Responsible Agency"
- Requests that the Board "separate out the College Lake Component" at least for a few months, and direct staff to work with CLRD to find solutions
- CLRD can provide "all the water we need" can deepen the canals. "PVWMA can use 1,500 AFY" during April, May and June

Director Cavanaugh noted that the board of directors wants to work collaboratively with the CLRD and does not have an interest in taking land and would compensate for lost lease values if it were determined that holding water back in the lake would be needed to render the College Lake Project feasible.

Director Zamora Questions to Wittwer

- When do you usually farm in College Lake?
- Wittwer: EIR says the project would retain water in the College Lake basin "until summer" and June 21st would be too late for landowners to get a crop in. And, it could be later than the end of July, the EIR doesn't say

Jim Van Houten

- Harkins Slough has the potential to be a huge storage reservoir. The Board should consider sending College Lake water to a dammed up Harkins Slough basin for storage.
- Asks Board to consider his letter and the use of Harkins Slough as a reservoir

Jerry Busch

- Thanks the Agency for including and addressing the potential biotic impacts of the College Lake project by adding a provision for adopting a management plan which would provide valuable data
- Request that the board revises the EIR because it fails to recognize that impacts to the biotic resources, in particular waterfowl. The mitigation measures need to recognize the significant impacts to waterfowl and mitigate it.
- By keeping the College Lake inundated longer:
 - Risk converting portions of the lake to mudflats
 - Risk tannic plants
 - Risk impacting plants from setting seed, which is important feed for the waterfowl
- EIR needs to declare potential significance
- Recommends inserting the word "waterfowl" into BIO-2 (see his letter).
 - This would correct a deficiency and would render the EIR more complete and demonstrate good faith commitment to Mitigation Management Plan

Lowell Hurst

- Consider the triple bottom line: Financial, Social and Political Impacts

John Diffenbaugh

- Owns land at College Lake that is leased to farmers, barely makes enough in lease payments to cover the cost of pump fees to the district. He has a big interest in Pajaro Valley Water, applauds the Agency/Board for taking on the very important water resources crisis in the valley.
- Look to Central Valley where habitat has been restored
- Likes the idea of using some land for storing water, some for restoring habitat, some for farming
- Through all of PVWMA's projects, water is being sent to the coast
- Heard a presentation from Andy Fisher – wants us to consider more recharge throughout the valley

Allen Harryman – College Lake Reclamation District

- During a recent late Spring (2010), the district didn't drain the lake until mid-July. Because of that they lost 107 acres (of farmland)
- Can PVWMA help CLRD which has a mandate to reclaim the lake so it can be farmed?
- Plenty of storage for the additional 900 AF that we can't use right away.
- If the planting season is shortened, can't plant and lose agricultural production.
- Final EIR mentions toxic green algae problems. Birds migrate between Pinto and College Lakes. It is possible that birds may transfer toxic green algae into College Lake should water be stored into the summer months. This is not adequately addressed in EIR.
- Take College Lake component out for now and work with CLRD and we will support your 100%

John Ricker – County of Santa Cruz

- Congrats to Board/Agency on getting this far
- AHBMP Committee was a very successful. He uses BMP Committee as an example of something that worked.
- This is a programmatic EIR which can be certified now, with the details of the College Lake project to be worked out and further evaluated in the project EIR

Action: Board recommended this item be brought back to the Board in April– all were in agreement and no voice vote taken

B. Consider Approval of Facilities Plan and Engineering Design Contract with Carollo Engineers for Additional Storage and Related Upgrades at the Recycled Water Facility in the amount of \$535,080 with Carollo Engineers.

In February 2014 the Pajaro River Watershed Integrated Regional Water Management Plan (IRWM) region was awarded a \$7.6 million Proposition 84 grant, which includes \$0.9 million in funding for the additional tank storage and related upgrades at the Watsonville Recycled Water Treatment Facility. The proposed scope of work to position the Agency to receive reimbursement of this grant and potentially other drought emergency funding is described under two tasks:

Task 1 – Preparation of a Facilities Plan

PVWMA applied for and was awarded a \$0.9 million grant from DWR towards construction of the additional storage. It is anticipated that the total cost of construction will be approximately \$6.0M. PVWMA wishes to apply for a low-interest loan for the balance of the construction costs of these facilities from the CWSRF. The estimated 'grant equivalency' of a low interest loan given current 30-year and 2.1% interest rates is estimated at approximately \$2 million, as shown on an attached spreadsheet. In order to apply for this low interest loan funding, PVWMA needs to complete a Facilities Plan that meets State Water Resources Control Board guidelines. **The budget estimated to complete Task 1 is \$78,780.**

Task 2 – Design of Recycled Water Storage and Associated Facilities

The Watsonville Recycled Water Treatment Facility currently includes approximately one million gallons of recycled water storage. The Recycled Water Storage Tanks, Distribution Pump Station Improvements, and Blend Well Water Quality Enhancement Project includes three components to increase the amount of recycled water it can deliver and ensure adequate water quality.

First, the construction of two additional recycled water storage tanks at the City of Watsonville Recycled Water Treatment Facility will increase recycled water storage by 1.5 to 2 million gallons, allowing the Agency to meet the Basin Management Plan Update goal of increasing recycled water use.

Second, the addition of two 100 horsepower pumps at the Distribution Pump Station will give the City and the Agency greater flexibility in matching recycled water demand and supply.

Finally, the construction of approximately 3,000 linear feet of pipeline connecting the Agency blend wells to the delivered water pipeline at the treatment plant will give the Agency an important source of blend water to ensure adequate delivered water quality. This is particularly important since the City has informed the Agency that it may not be able to supply enough potable blend water in the near future.

Timing of these efforts is critical in order to secure the construction funding; take advantage of the available state Drought Emergency Funding (get shovel-ready); increase recycled water use as soon as possible; and accommodate the City of Watsonville's desire to reduce use of their wells for blending.

The budget estimated to complete Task 2 is \$456,300.

To implement the tanks project, PVWMA must complete final design of the new tanks and other upgrades and secure financing or funding for the balance of the project costs. Staff requested approval of the contract with Carollo Engineers to complete the necessary Facilities Plan and Final Design. Proceeding with this effort now will allow PVWMA to be eligible for Emergency Drought Funding.

Action: Director Newell moved to authorize staff to execute contract documents in the amount of \$535,080 with Carollo Engineers to: 1) Prepare Facilities Plan (Task 1) and 2) Complete Recycled Water Storage Tanks, Distribution Pump Station Improvements and Blend Well Water Quality Enhancement Design (Task 2); 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 Approval of Resolution 2014-06 Revising the PVWMA Organizational Chart to Include Additional Staff Position Title Operations and Maintenance Technician

Resolution 2013-06 amends the PVWMA Organizational Chart to add the position of Operations and Maintenance Technician. This is needed due to the increasing need to provide operational staff responsible for deliveries of supplemental water supplies in addition to performing routine maintenance of water supply, distribution, recharge, metering and storage systems.

Due to the increased demand for delivered water, additional field staff has been recruited to perform operations duties including being on-call at night and setting irrigation scheduling and overseeing SCADA operations. The existing Maintenance Technician position will remain unstaffed until funded as needed and with Board approval.

The Administrative/Finance Committee recommended approval of the additional position at its meeting on March 11, 2014.

Action: Director Faurot moved to approve Resolution 2014-06 amending the PVWMA Organizational Chart to add the position of Operations and Maintenance Technician; Seconded by Director Zamora Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Faurot, Zamora

NOES: None

ABSENT: Lynn, Newell

ABSTAIN: None

D. Consider Recommendation from Administrative Finance Committee to simplify Financial Reporting to Committee and Board of Directors

Action: Recommended to bring back to board at the April 16, 2014 meeting – All in Agreement and no voice vote taken

10. Monthly Reports/Presentations

A. Facility Operations Report

1. Received 2013 Supplemental Water Production Monthly Summary

B. Board Committee Reports available www.pvwater.org

1. Ad Hoc Funding Committee Update – February 27, 2014 meeting minutes were in Agenda package for review
2. Drought Response and Conservation Update
3. Public Outreach Update

12. Written Communication/Correspondences: March 2014 Meeting

13. Future Meetings

- A. Ad Hoc Funding Committee (AHFC) – March 27, 2014, 3:00 p.m. – 5:00 p.m. City of Watsonville Water Resources Center, 500 Clearwater Lane, Conference Room, Watsonville
- B. Water Quality & Project Operations Committee – April 2, 2014, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Conference Room, Watsonville
- C. Administrative/Finance Committee-April 9, 2014, 12:30-1:30p.m. PVWMA Conference Room, 36 Brennan Street, Watsonville **(please note rescheduled date)**
- D. Board of Directors — April 16, 2014, 7:00 p.m., City Council Chambers, 275 Main Street, Fourth Floor, Watsonville, CA.

14. Future Agenda Items

Adjourned at 9:35 p.m.

Laura R. Taay, Administrative Analyst

Date Approved