



**PAJARO VALLEY WATER MANAGEMENT
AGENCY**

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**Board of Directors Meeting
April 16, 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 7:05 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, Lynn, Newell, Zamora

Board Members Absent: Faurot

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Sr. Water Resources Hydrologist (SWRH)
Laura R. Taay, Administrative Analyst/Board Secretary (AA)
Others Present: Tony Condotti, Agency Counsel (AC)
Lauren Valk, Associate Agency Counsel(AAC)

3. **Pledge of Allegiance**

4. **Oral Communications:** None.

5. **Director Comments:** None

6. **Counsel Report:** None

7. **General Manager Report:**

8. **Consent Agenda**

A. Approved March 16, 2014 minutes with the following corrections:

Item 9A – Change of wording requested by John Ricker, County of Santa Cruz. New wording “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”.

Item 9C - Correction was made – Director Newell left meeting early (9:15 p.m.) and did not vote on this item.

B. Approved Financial Reports for March 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, Lynn, Newell, Zamora

NOES: None
ABSENT: Faurot
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

- GM Mary Bannister introduced the project, discussing the history and planning for the BMP, including previous EIRs that studied various options for storage locations over the years. Mary also provided a monthly summary from 2013 of the Agency's water production. Mary explained the Agency's desire to work with the College Lake property owners to find a solution that meets the needs of the entire Pajaro Valley.
- General Counsel Tony Condotti noted that the Board of Directors closed the public comment period for CEQA purposes at the last meeting, but that additional comments would be received tonight pursuant to the Brown Act.
- Assistant General Counsel Lauren Valk provided a PowerPoint presentation regarding the agenda packet and staff's recommendation to the Board regarding certification of the EIR and approval of the project. Tony clarified that the Board's role is that of fact finder—to weigh the evidence presented to the directors and to make a decision.
- Public comments were made by Jonathan Witter representing College Lake Reclamation District regarding sufficiency of the EIR and the Agency's compliance with CEQA. Jonathan requested that the Board consider adoption of his proposed changes to the EIR.
- Public comments were made by Jerry Busch regarding impacts to water fowl and requested clarification in the findings of fact that these impacts would be addressed.
- Additional public comments were made regarding potential compromise between the Agency and CLRD.
- Additional public comments were made in support of approving the project.
- The Directors engaged in follow up questions with some of the public speakers.
- The Directors stated that they desire to work with CLRD to come to a solution.

Comments were received from Jonathan Wittwer, Wittwer Parkin LLP, attorney for CLRD, Jerry Busch, Allen Harryman and John Ricker.

Comments received:

Jonathan Wittwer, Attorney for CLRD

Jerry Busch

Ted Remde

Allen Harryman – College Lake Reclamation District

John Ricker – County of Santa Cruz

Kirk Schmidt

Warren Koenig

Director Comments

Director Zamora to Wittwer

Director Zamora to Busch

Director Zamora to Harryman

Director Persoff

Director Cavanaugh

Director Newell

Director Imazio

Action: Director Cavanaugh moved for adoption of Resolution 2014-04 Certifying the Final Environmental Impact Report (FEIR) for the Basin Management Plan Update Pursuant to the California Environmental Quality Act; Seconded by Director Newell.

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Zamora

NOES: None

ABSENT: Faurot

ABSTAIN: None

Action: Director Newell moved for adoption of Resolution 2014-05 Approving the Basin Management Plan Update and Adopting Findings of Fact, Statement of Overriding Conditions and Mitigation and Monitoring Program Pursuant to the California Environmental Quality Act; Seconded by Director Zamora.

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Zamora

NOES: None

ABSENT: Faurot

ABSTAIN: None

B. Consider Adoption of Preliminary Budget 2014-2015 Fiscal Year (FY14-15).

The Administrative/Finance Committee reviewed the draft Preliminary Budget for Fiscal Year 2014-2015 (FY14-15) on April 9, 2014. The figures contained within the budget are based on actual data, projections, and estimations. The budget is created on the accrual basis to be consistent with the year-end financial statements. On the accrual basis, revenues are recorded as earned and expenditures recorded when incurred.

The budget is a communication tool in which significant assumptions are made. Major revenue assumptions made in this budget are:

- Receipt of \$383,206 in Management Fees.
- Anticipated augmentation charge revenues of about \$9.5 million, based on 51,700 acre feet of groundwater use.
- Anticipated delivered water revenues of about \$1.62 million based on 4,800 acre feet of supplemental water deliveries.
- Grant revenue in the amount of \$900,000 for the additional tank storage at the Recycled Water Facility

Other budget highlights include:

- \$120,000 in funding of conservation from the General Fund
- \$635,000 Basin Management Planning professional services including funding for the rate setting effort and follow-up work on the Basin Management Plan update
- Capital Projects expenditures of \$1 million for additional tank storage at the Recycled Water Facility, project enhancements and monitoring network improvements
- Addition of one new vehicle

The Agency Act requires that a preliminary budget must be adopted each year by May 15. The Agency must then publish a notice that the preliminary budget has been adopted and is available

for public inspection. The Agency must also hold a public hearing after a minimum two-week notice period. The final budget must be adopted by June 30.

Action: Director Cavanaugh moved to Adopt the draft Preliminary Budget for FY 2014-2014; Schedule a public hearing on May 21, 2014, and consider adoption of the final budget on June 18, 2014 Seconded by Director Persoff.

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Zamora

NOES: None

ABSENT: Faurot

ABSTAIN: None

C. Consider Approval for Request for Proposals for Financial Advisor Services

After over ten years of litigation, the Court of Appeal's decision in the *Griffith/Pendry* matter not only validates the existing charge, but provides the Agency with a clear path forward to develop a new, legally defensible, augmentation charge to support implementation of the Basin Management Plan Update. It also should provide the Agency with sufficient revenue security to refinance its existing debt at a more favorable interest rate, in particular the Certificates of Participation, Series 1999A, which were issued in the amount of \$19,725,000 on October 20, 1999.

Given the complexity of a possible refinancing due to such factors as the Agency having been created by a special act of the State Legislature (in contrast to a city or special district organized under the general law), and the history of litigation over the augmentation charge, staff is recommending engagement of a financial advisor to assist the Board and staff in assembling a financing team (including, but not limited to underwriter, trustee, bond and disclosure counsel) to perform services relating to the refinancing of the 1999 COPs, and to perform related services as directed by the Board or General Manager.

After a Request for Proposals is issued and responses are evaluated, Admin/Finance will review and the Board will be asked to appoint a Financial Advisor at the regular meeting of May 21, 2014.

Action: Director Lynn moved to approve the Request for Proposals for Financial Advisor Services; Seconded by Director Cavanaugh.

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Zamora

NOES: None

ABSENT: Faurot

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 May 21, 2014 meeting – All in Agreement and no voice vote taken

E. Review draft letter to ACWA Region 5 as requested by Director Cavanaugh

Action: Recommended to bring back to board at the May 21, 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 not included in Agenda packet for review. To be included in May 21, 2014 board packet.
2. Drought Response and Conservation Update
3. Public Outreach Update

11. Written Communication/Correspondences: March 2014 Meeting

12. Future Meetings

- A. Ad Hoc Funding Committee (AHFC) – May 1, 2014, 3:00 p.m. – 5:00 p.m. City of Watsonville Water Resources Center, 500 Clearwater Lane, Conference Room, Watsonville
- B. Administrative/Finance Committee- May 13, 2014, 12:30-1:30p.m. PVWMA Conference Room, 36 Brennan Street, Watsonville
- C. Board of Directors — May 21, 2014, 7:00 p.m., City Council Chambers, 275 Main Street, Fourth Floor, Watsonville, CA.

13. Future Agenda Items

14. Closed Session

CONFERENCE WITH LEGAL COUNSEL-- ANTICIPATED LITIGATION
Pulled from agenda

Adjourned at 9:54 p.m.



Laura R. Taay, Administrative Analyst



Date Approved