



PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: (831) 722-9292 • FAX: (831) 722-3139
email: info@pvwater.org • http://www.pvwater.org

Board of Directors Meeting
May 20, 2015 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 7:03 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, Faurot, Zamora

Board Members Absent: None

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)
Rocio Guerrero, Customer Service Representative
Nancy Trevino, Financial Analyst
Others Present: Lauren Valk, Assistant Agency Counsel (AAC)
Marcus Mendiola, Consultant
Ralph Miljanich, Consultant

3. Pledge of Allegiance

4. Oral Communications: None

5. Director Comments: None

6. Counsel Report: None

7. General Manager Report: GM thanked all for attending and conveyed to the audience that their participation is an important part of the agency's work. She shared the news that this afternoon PV Water was awarded \$1.8 Million in Title XVI funds through the WaterSmart Program which is the final amount of a \$20 million Recycled Water Facility Grant Award. The grant funds will be used in 2017 to pay down the bond issued by the City of Watsonville for when the Recycled Water Facility was constructed. The agency was encouraged to apply for a newly available Bureau of Reclamation Grant opportunity. Deadline is in June so GM stated she may need to sign an agreement, under her \$25,000 signing authority, to hire Lidia Gutierrez, Gutierrez Consultants, to start the application process due to the short time available. GM shared the background for the agency's Collaborative Success Story flyer. CA Department of Water Resources Deputy Director Gary Bardini met with GM,

Steve Palmisano, City of Watsonville (COW) and Lidia Gutierrez to learn more about how PV Water manages groundwater and finds public support for the important work we do. PV Water is held up as a model state-wide for the innovative partnership with COW to get 4,000 AFY of recycled water for agricultural irrigation use on the coast instead of dumping the effluent into the National Marine Sanctuary.

GM then spoke on tonight’s majority protest hearing, explaining the process used for the rate structure that went into effect in 2010 and was intended to last 5 years, and subject to a sunset clause in 2015. That vote succeeded with 74% in favor, but under decision in Pendry/Griffith lawsuit the courts found that only a majority protest was required under Proposition 218, not the second step involving a vote. By having rescinded the sunset provision of the old rates PV Water was able to refinance the \$19 million bond which resulted in an annual savings of \$250,000 and a total savings of \$3.5 million. With approval of our proposed rates the agency will also be able to refinance our COW debt at a considerable savings to the ratepayers. She went on to explain the two rates being considered tonight, the Delivered Water Rate and the Augmentation charges. ACC Valk will present the legal framework under Proposition 218 and SWRH Lockwood will present a summary of the Agency, its mission and the Basin Management Plan and rate process.

8. Consent Agenda

- A. Approve April 2015 Minutes

A corrected page 2 reporting action on item 8, paragraph D of the Consent Agenda, D. was distributed at meeting.

- B. Approve Financial Reports for May 2015
- C. Review and Affirm Statement of Investment Policy
- D. Approve Agreement with Bartlett, Pringle & Wolk for Audit Services for Fiscal Year Ending June 30, 2015 in the Amount of \$30,000

Action: Director Cavanaugh moved to approve with the noted correction of the Consent Agenda; seconded by Director Newell

Motion carried by the following voice vote:

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

9. Informational Items

- A. Receive Update on Sustainable Groundwater Management Act
- B. Receive Update on Agency Debt Refinance
- C. Receive Update on Capital Projects Planning and Funding
- D. Receive Update on Director Stipend Policy

Action: Director Cavanaugh moved to have Informational Items moved to later in the meeting and after Item 10F; seconded by Director Faurot

Motion carried by the following voice vote:

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

10. Discussion and/or Action Items

A. Consider Public Hearing Concerning Proposed Delivered Water Charge Ordinance

AAC Valk discussed, and presented a power point (available on agency website at www.pvwater.org), for the process to be used in conducting the Public Hearing for the Delivered Water Charge Ordinance. SWRH Lockwood presented a power point (available on agency website at www.pvwater.org) for an introduction of the agency, BMP committee and projects they prioritized and grants received. SWRH also shared the Pre-Meeting, Unverified Protest Vote Count for Delivered Water Charge and stated:

- Number of parcels with turnouts = 52
 - 26 / 52 = 50.0 %
 - Less than 27 protests = no majority protest
 - 27 or greater = majority protest
 - As of 5:00 PM on May 20, 2015, zero protests received

One public comment was received in favor of Delivered Water Charge and no public comments were received against Delivered Water Charge.

Stuart Kitayama, Property and Facilities Manager for Kitayama Bros. spoke in favor of the proposed charge. Kitayama Bros. is his family farm and has been a part of the Pajaro Valley for 45 years. They own approx.300 acres of land, grow on part of it and rent part of it, which supports almost 300 year round jobs plus additional seasonal jobs during the planting and harvest seasons. Kitayama Bros. has experienced the reality of overdraft. They have 4 wells, which can't provide enough water to keep land productive and business and jobs going. One well is too salty for irrigation, one is being replaced because of the falling water table and the two others can't pump enough water to cover their farming operations. Over the last 7 years they have invested and worked hard to conserve and find water. The biggest savings was upgrading irrigation systems with better drip tape and emitters, collect rain water from greenhouse roofs to irrigate flowers and recycle excess water from the hydroponic plants to irrigate ground crops and are fallowing productive fields. These efforts have saved Kitayama Bros. 20 – 25% of water use for the greenhouse. Field Tenants have to irrigate in the winter months. These are months that usually did not require any water. Kitayama got by last year because 60% of the water for the main ranch came from a pipe from the Pajaro Valley Water Management Agency, and without agency water Kitayama Bros. would have had to seriously cut back on production of flowers, fruits and vegetables. Mr. Kitayama thanked the agency and its board for the foresight, planning and construction on projects done years ago. There are other growers, like ourselves, who have salt intruded wells and they depend on agency water. This has helped them and us and also helps the overall valley by reducing the water pumped in the coastal zone and slowing down the migration of salt water into the aquifer. The overdraft is a valley wide problem and should require joint and valley wide solutions and Mr. Kitayama thanked the agency for addressing and moving towards those solutions.

SWRH Lockwood verified and reported that there were zero protests received.

Action: Director Newell moved to accept the report that there was not a majority protest on the Delivered Water Charges; Seconded by Director Cavanaugh
 Motion carried by the following voice vote:

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

B. Consider adoption of Ordinance 2015-01, An Ordinance of the Pajaro Valley Water Management Agency Adjusting Delivered Water Charges

GM gave history of the original ordinance process and it's passing by the board and the work and Rate Study that was completed for this Ordinance.

No discussion or comments received.

Action: Director Cavanaugh moved to adopt the ordinance adjusting Delivered Water Charges; Seconded by Director Persoff

Motion carried by the following voice vote:

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

C. Consider Public Hearing Concerning Proposed Groundwater Augmentation Charge Ordinance

GM presented background on this process in an effort that developed a Proposition 218 compliant rate structure to fund existing operations and the projects and programs described in the Basin Management Plan update.

SWRH reported the following information:

Number of parcels with wells = 2,116

– 1,058 / 2,116 = 50.0 %

– Less than 1,059 protests = no majority protest

– 1,059 or greater = majority protest

– As of 5:00 PM on May 20, 2015, 659 unverified protests received

The hearing was opened and 11 members of the public commented.

Directors Zamora, Cavanaugh and Persoff made comment on public comments.

Action: Director Newell moved to accept the report that no majority protest was received; Seconded by Director Cavanaugh

Motion carried by the following voice vote:

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

D. Consider adoption of Ordinance 2015-02 An Ordinance of the Pajaro Valley Water Management Agency Adjusting Groundwater Augmentation Charges

GM gave history of the original ordinance process and it's passing by the board and the work and Rate Study that was completed for this Ordinance.

No discussions or comments received.

Action: Director Cavanaugh moved to adopt Ordinance 2015-02; Seconded by Director Newell

Motion carried by the following voice vote:

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

- E.** Consider approval of Resolution 2015-13, CEQA Addendum and Resolution 2015-14, award of contract to Specialty Construction for the Blend Well Pipeline Improvements Project
 GM reported that the Blend Well Pipeline Improvement Project will allow agency to supply water from its supplemental wells and will improve the quality of water going north and south from the pipeline. It is currently concentrated going to north and varying degrees of water quality being distributed through the system. Bids were advertised beginning on March 20, 2015, Specialty Construction submitted the lowest bid in the amount of \$841,400. Ranger Pipelines bid was at \$1,021,500 and Anderson Pacific at \$1,065,750. The contract and references for Specialty Construction have been reviewed and accepted by staff.
 Due to minor modifications to the Coastal Distribution System CEQA guidelines require an agency to prepare an EIR Addendum when changes or additions to a project are necessary (Local Water Supply and Distribution Project Final Environmental Impact Report Certified in 1999 and Basin Management Plan 2002 EIR). No factors requiring a subsequent or additional EIR have occurred. The addendum, prepared by agency consultants, SWCA, validated that implementation of the project would not result in any new significant impacts or a substantial increase in the severity of previously identified impacts above those disclosed in the 1999 and 2002 EIR.

Action: Director Newell moved adoption of Resolution 2015-13 and Resolution 2015-14;
 Seconded by Director Cavanaugh

Motion carried by the following voice vote:

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

- F.** Conduct Public Hearing on Revised Preliminary Budget 2015-2016 Fiscal Year
 ASM Delfino presented a power point on the Revised Preliminary Budget 2015-2016 Fiscal year (FY 15-16).
 The changes to the Preliminary Budget for FY 15-16
- Additional \$50,000 from the General Fund to support drought response efforts
 - Additional \$175,000 in City Connection Water Charges due to 60% increase in City of Watsonville potable water rates
 - Additional \$30,000 in professional services in Basin Management
 - Decrease water sampling this year, a \$10,000 savings
 - Eliminate vehicle purchase this year, a \$38,000 savings

The budget includes \$8 million in Capital Projects, \$4.5 million coming from prior years' carry over.
 No public comments received.

Action: None required – This item is a Public Hearing

11. Informational Items

- A. Receive Update on Sustainable Groundwater Management Act
GM and SWRH shared update information on the Blend Well Project. On May 11 agency went out to bid on the K-1 Line and mandatory pre-bid meeting to be held next Wednesday, May 27
- B. Receive Update on Agency Debt Refinance
Refinance was April 1, 2015. An annual debt savings over \$250,000 per year
- C. Receive Update on Capital Projects Planning and Funding
Information was received under item 10A
- D. Receive Update on Director Stipend Policy
To be tabled for future Board of Director meeting

12. Monthly Report Presentations

- A. Facility Operations Report
 - 1. Receive 2015 Supplemental Water Production Monthly Summary Report
- B. Board Committee Reports available at www.pvwater.org
- C. Public Outreach Update
Steve Stagnaro, Agency Consultant, stated that the next round of outreach will begin in June. Campaign for renewed effort of conservation and the role the agency is playing will be continued. Directors discussed different ways to make further outreach contact with customers. SWRH Lockwood reported on a couple of effective outreach items. He attended a meeting with City Of Watsonville outreach and conservation staff and they discussed how the agency/city could join forces to meet the same goals. Our agency, represented by Consultant Mendiola, attended The “Earth Day” Festival and the Open Street Efforts. Both events were successfully attended by North and South County residents. Mendiola suggested more Spanish radio efforts. Mendiola also is very involved in the educational tours and outdoor labs held at the Water Resources Center.

13. Communications/Correspondences**14. Future Meetings**

- A. Administrative/Finance Committee – June 9, 2015, 4:00 p.m., PVWMA Conference Room, 36 Brennan Street, Watsonville
- B. Board of Directors – June 17, 2015, 7:00 p.m., City Council Chambers, 275 Main Street, 4th Floor, Watsonville
- C. Project and Facility Operations Committee, June 24, 2015, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville, CA

15. Future Agenda Items

Adjourned at 9:26 p.m.

Laura R. Taay, Board Secretary

Date Approved