



PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076

TEL: (831) 722-9292 • FAX: (831) 722-3139

email: info@pvwma.dst.ca.us • http://www.pvwma.dst.ca.us

Board of Directors Meeting
Old City Council Chambers

April 16, 2008 7:00 p.m.
250 Main Street, Watsonville, CA

MEETING AGENDA

Agenda Item

Page #

Note: The Board may take action on any item listed on the agenda unless it is identified as "Discussion Only."

1. **Call to Order & Roll Call of the PVWMA Directors:** Dennis Osmer (Chair), Marc Cervantes (Vice Chair), John Eiskamp, Dave Kegebein, Rosemarie Imazio, Mike Dobler, Warren Koenig
2. **Pledge of Allegiance**
3. **Oral Communications.** Audience Members may speak on any item pertaining to the PVWMA's jurisdiction that is not on the agenda. Comments may not exceed three (3) minutes.
4. **Director Comments**
5. **Counsel Report**
6. **Ad Hoc Executive Committee Report**
7. **Consent Agenda:**
 - A. Approve March 19, 2008 Minutes 1-3
 - B. Approve Disbursement Ledger for March 2008 4-5
 - C. Approve Financial Reports for March 2008 6-16
8. **Discussion and or Action Items**
 - A. Consider Contract for Annual Audit Services with Bartlett, Pringle & Wolf, LLP in the amount of \$25,000. 17-22
9. **Grant Reimbursement Claim Update** 23
10. **Future Meetings and Agenda Items**
 - A. Water Quality and Projects Operations Committee – April 25, 2008, 10:00 am – 11:00 am, Waste Water Treatment Facility
 - B. Board Meeting- May 7, 2008, 7:00 pm, "Old" Watsonville City Council Chambers
 - C. Strategic Planning & Public Outreach (SPPO) Committee- May 13, 2008, 4:00 pm, PVWMA Conference Room
 - D. Administrative/Finance Committee- May 14, 2008, 4:00 pm, PVWMA Conference Room
 - E. Water Quality and Projects Operations Committee- May 16, 2008, 10:00 am-11:00 am, Waste Water Treatment Facility
 - F. Board Meeting- May 21, 2008, 7:00 pm, "Old" Watsonville City Council Chambers

This agenda is subject to revision and may be amended prior to the scheduled meeting. If amended, a Final Agenda will be posted at the PVWMA offices at 36 Brennan Street, Watsonville, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the Board Meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PVWMA's Administrative Division Manager at (831) 722-9292 during regular business hours, at least 24 hours prior to the time of the meeting.

11. Closed Session:

A. Conference with Legal Counsel: Liability Claims

Claimants: Rocha Brothers, LLC
Larse Farms, Inc
Agustin Urbina
Juan Vasquez
J. Melgoza Farms

Claim against: PVWMA

B. Conference with Legal Counsel – Pending Litigation

Pursuant to Government Code Section 54956.9(a)

Name of Case: Pajaro Sunny Mesa CSD v. PVWMA – SCSC Case No. CV 159506

C. Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to Government Code Section 54956.9(b):
(one potential case)

12. Adjournment



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Board of Directors Meeting
City Council Chambers

March 19, 2008, 7:00 pm
250 Main Street, Watsonville, CA

MEETING MINTUES

1. Call to Order, Roll Call of the PVWMA Directors, and Pledge of Allegiance: The Regular Board Meeting Of Pajaro Valley Water Management Agency was called to order in the City Council Chambers, 250 Main Street, Watsonville, CA 95076, at 7:03 p.m. By Chair Osmer

Board Members Present: Osmer, Cervantes, Eiskamp, Kegebein, Imazio, Dobler, Koenig

Board Members Absent: None

Staff Members Present: Mary Bannister, Technical Division Manager (TDM)
Veronica Barboza, Administrative Analyst (AA)

Others Present: Anthony Condotti, Counsel

2. Oral Communications. Doug McKinney read a letter to the Board expressing his concerns regarding the future of the Agency.

3. Director Comments and Counsel Reports: Director Dobler commented that, he had communicated with Pajaro Sunny Mesa some time late last year regarding the status of the Agency.

4. Ad Hoc Executive Committee Comments: Director Dobler updated the Board on the following:

- Finances & Cash Flow
- Grants & Loans
- Rates
- Agency Staffing and Structure

Director Koenig inquired if the Agency was looking to hire the General Manager Position anytime soon. Director Kegebein responded that the Agency will eventually hire a General Manager in the future.

5. Consent Agenda

- A. Approve February 20, 2008 Minutes
- B. Approve Disbursement Ledger for February 2008
- C. Approve Financial Reports for February 2008
- D. Approve Agreement with Ramon's Landscaping Services
- E. Approve Agreement with Berta Rodriguez, Temporary Administrative Services
- F. Approve Amended Proposition 50 DWR Grant Agreement

(Director Eiskamp requested that items 5D-F under Consent Agenda be considered as separate items.)

◆ Motion by Director Dobler to approve the Consent Agenda with items 5A-C and 5D-F as separate items. Motion carried by the following roll call vote:

AYES: Osmer, Cervantes, Eiskamp, Kegebein, Imazio, Dobler, Koenig

NOES: None

ABSENT: None

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ABSTAIN: None

The Board next considered item 5D. After discussion, the following action was taken:

◆ Motion by Director Eiskamp to approve item 5D, Agreement with Ramon's landscaping as presented. Motion carried by the following roll call vote:

AYES: Osmer, Cervantes, Eiskamp, Kegebein, Imazio, Dobler, Koenig

NOES: None

ABSENT: None

ABSTAIN: None

The Board next considered item 5E. After discussion, the following action was taken:

◆ Motion by Director Eiskamp to approve item 5E, Agreement with Berta Rodriguez, Temporary Administrative Services as presented. Motion carried by the following roll call vote:

AYES: Osmer, Cervantes, Eiskamp, Kegebein, Imazio, Dobler, Koenig

NOES: None

ABSENT: None

ABSTAIN: None

The Board next considered item 5F. After discussion, the following action was taken:

◆ Motion by Director Koenig to approve item 5F, Amended Proposition 50 DWR Grant Agreement as presented. Motion carried by the following roll call vote:

AYES: Osmer, Cervantes, Eiskamp, Kegebein, Imazio, Dobler, Koenig

NOES: None

ABSENT: None

ABSTAIN: None

6. Discussion and/or Action Items:

A. Consider approval of Resolution 2008-06, Approving Interim Renewal Contract with USBR: Counsel briefly summarized the contract to the Board and recommended the Ad Hoc Executive Committee to execute Contract No. 14-06-200-3365A-IR10-B, providing for a further extension of the interim renewal contract through February 29, 2010. After discussion, the following action was taken

◆ Motion by Director Imazio to approve Resolution 2008-06, Approving Interim Renewal Contract with USBR, as presented. Motion carried by the following roll call vote:

AYES: Osmer, Cervantes, Eiskamp, Kegebein, Imazio, Dobler, Koenig

NOES: None

ABSENT: None

ABSTAIN: None

B. Consider approval of 2007/2008 Budget Amendment: Gary Knutson presented the 2007/2008 Amended to the Board and Public. He stated that the budget was reviewed by the Administrative/Finance Committee at its March 18, 2008 Meeting and was recommended for Board approval. He further stated that the budget incorporated revised budget estimates for both revenues and expenditures, which included some of the reduction of staffing and estimated savings.

Public Comments: Doug McKinney commented that the money that was spent on projects should have been spent on other programs.

After discussion, the following was taken:

◆ Motion by Director Koenig to approve the 2007/2008 Amended Budget as presented. Motion carried by the following roll call vote:

AYES: Osmer, Cervantes, Eiskamp, Kegebein, Dobler Imazio, Koenig,
NOES: None
ABSENT: None
ABSTAIN: None

7. Future Meetings and Agenda Items

- A. Water Quality and Projects Operations Committee – March 21, 2008, 10:00 am – 11:00 am, Waste Water Treatment Facility
- B. Board Meeting- April 2, 2008, 7:00 pm, “Old” Watsonville City Council Chambers
- C. Strategic Planning & Public Outreach (SPPO) Committee- April 7, 2008, 3:00 pm, PVWMA Conference Room
- D. Administrative/Finance Committee- April 9, 2008, 3:00 pm, PVWMA Conference Room
- E. Board Meeting- April 16, 2008, 7:00 pm, “Old” Watsonville City Council Chambers
- F. Water Quality and Projects Operations Committee – April 25, 2008, 10:00 am – 11:00 am, Waste Water Treatment Facility

8. Closed Session

Conference with Legal Counsel: Liability Claims

- A. Conference with Legal Counsel – Pending Litigation
Pursuant to Government Code Section 54956.9(a)
Name of Case: Pajaro Sunny Mesa CSD v. PVWMA – SCSC Case No. CV 159506
- B. Conference with Legal Counsel: Liability Claims
Claimants: Sunset Bay Farms
Ortega Berry Farms, LLC
Claim against: PVWMA

The closed session convened at approximately 8:25 p.m. with Directors Osmer, Imazio, Cervantes, Kegebein, Eiskamp, Dobler and Koenig. Technical Division Manager Bannister and General Counsel Condotti were also present. Prior to the closed session, Director Dobler recused himself from participation in the claim of Ortega Farms, LLC, and Director Cervantes recused himself from participation in the claim of Sunset Bay Farms, LLC. During the closed session the Board took the following actions: By motion (Imazio, 6-1 (Osmer)), the Board authorized and directed legal counsel to defend the action filed against the Agency by Pajaro Sunny Mesa Community Services District. Director Dobler left the meeting at approximately 9:25 p.m. By motion (Koenig, 6-0) accepted the liability claims of Ortega Berry Farms in the amount of \$43,759.36. Director Cervantes left the meeting at approximately 9:30 p.m. By motion, (Koenig, 5-0), the Board accepted the liability claim of Sunset Bay Farms, LLC in the amount of \$1,418.13. All claims pertain to crop losses resulting from the Coastal Distribution System (CDS) construction. The closed session concluded at approximately 8:38 p.m.

9. Adjourned at 8:38 pm

Veronica Barboza, Secretary

date approved

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<u>Vendor</u>	<u>Check Amount</u>
A1250 AFLAC	207.45
A190 ACE HARDWARE	101.27
A300 A C W A - H B A	13,683.24
A301 ACWA-EMPLOYEE ASST. PROGRAM	30.51
A625 AMERICAN EXPRESS	407.26
A910 ATCHINSON,BARISONE,CONDOTTI	12,389.24
B100 CHASE	558.42
C1535 CENTRAL WELDERS SUPPLY, INC.	16.82
C1595 CH2MHILL, INC	1,698.00
C1760 CONOCOPHILLIPS	776.60
D190 ROBERT L DEWITT & ASSOC., INC.	4,090.76
D335 MICHAEL DOBLER	1,358.11
D340 DOWNEY BRAND Attorney LLP	6,833.70
E830 DEPT. OF CHILD SUPORT SERVICES	734.76
F200 FEDERAL EXPRESS, INC.	43.37
F360 FIRST ALARM, INC	692.43
F450 First National Bank	281.31
F809 FRED MILES CONSULTING ENGINEER	12,436.89
G300 ROCIO GUERRERO	39.14
G315 BELINDA GUERRERO	740.00
G330 GUTIERREZ CONSULTANTS	30,839.30
H198 HYDREX PEST CONTROL	90.00
J150 TROUTMAN SANDERS PUBLIC AFFAIR	6,060.00
J305 JACOBS CIVIL, INC.	96,485.68
K321 Gary A. Knutson	4,500.00
K499 Karen Kramer	18,603.00
L559 Liebert Cassidy Whitmore	1,944.00
M1050 MAGGIORA BROS. DRILLING INC.	326.25
M1175 MONTEREY BAY ANALYTICAL SERVIC	1,845.00
M1400 MONTEREY BAY OFFICE PRODUCTS	75.31
M1800 MONTEREY COUNTY FARM BUREAU	400.00
M1995 MORENO PETROLEUM CO.	41.57
M2300 McCROMETER, INC.	6,311.93
N125 NATIONAL DEFERRED COMP, INC	2,742.50
N248 NEW CAL INDUSTRIES	350.36
N249 NEWCAL INDUSTRIES, INC.	932.67
N350 NOSSAMAN, GUTHNER, KNOX	10,293.43
O409 Ortega Berry Farms, LLC	43,759.36
P100 AT&T	603.73
P1000 PITNEY BOWES, INC.	29.00
P1300 PERS	9,140.23
P300 PAJARO VALLEY CHAMBER	126.00
P800 P G & E	15,141.00
P910 PRIMUS	177.73
P950 PURCHASE POWER, INC.	5,018.99
R200 RMC WATER AND ENVIRONMENT, INC	42,133.86
R400 REGISTER PAJARONIAN	819.20
S1421 SCHNEIDER ELECTRIC SERVICES	688.00
S1700 SHINEHAH SHIBATA	38.80
S2400 STAPLES CREDIT PLAN	4.73
S2457 STATE OF CALIFORNIA THE RESOURCES AGENCY	111,048.76
S2525 STATE STREET BANK AND TRUST CO	400.00
S510 Sunset Bay Farms, LLC	1,418.13
S875 SANTA CRUZ TITLE COMPANY	1,905,711.14
T100 TAYLOR'S OFFICE CITY, INC.	72.27
t225 T.M. IRRIGATION SPECIALTIESINC	39.47
T279 ToxScan, Inc	4,000.00
T324 TRC Solutions, Inc	18,152.75
U200 DOI-USGS	27,185.00
UB*00164 Jean A Harrah	31.60
UB*00165 Strawberry Hills Forever	196.64
V369 VERIZON WIRELESS	426.15

<u>Vendor</u>		<u>Check Amount</u>
W375	Watsonville Blueprint	18.19
W400	CITY OF WATSONVILLE	20,468.07
W500	CITY OF WATSONVILLE	30.00
W502	City of Watsonville	41.50
X100	Xerox Coporation	95.16
Z100	ZAG TECHNICAL SERVICES, INC.	1,150.00
Report Total:		2,447,125.74

PAJARO VALLEY WATER MANAGEMENT AGENCY
Account Activity Report

	Date	Deposits	Withdrawals	Balance
<u>CLEARING ACCOUNT FNB</u>				
Beginning Balance	3/1/2008			\$64,643
Cash Receipts				
Disbursements			\$ 3,494,977	
Transfers		\$ 3,725,052		
Interest Earned				
Ending Balance	3/31/2008			<u>\$294,718</u>
<u>GENERAL FUND FNB</u>				
Beginning Balance	3/1/2008			\$605,778
Cash Receipts				
Transfers		0	38,334	
Interest Earned		959		
Ending Balance	3/31/2008			<u>\$568,403</u>
<u>GENERAL FUND LAIF</u>				
Beginning Balance	3/1/2008			\$1,002,738
Transfers				
Interest Earned				
Ending Balance	3/31/2008			<u>\$1,002,738</u>
<u>SPECIAL REVENUE FUND FNB</u>				
Beginning Balance	3/1/2008			\$5,030
Cash Receipts		31,388		
Transfers		665,000	582,480	
Wire to US Bank			113,338	
Bank Fees			385	
Interest Earned				
Ending Balance	3/31/2008			<u>\$5,215</u>
<u>SPECIAL REVENUE Cash Mgmt FNB</u>				
Beginning Balance	3/1/2008			\$4,870,627
Loan Proceeds				
Transfers			3,766,995	
Outgoing Wire				
Interest Earned		2,952		
Ending Balance	3/31/2008			<u>\$1,106,584</u>
<u>SPECIAL REVENUE SmithBarneyInvestments</u>				
Beginning Balance	3/1/2008			\$6,191,999
Transfers				
Realized Gain				
Money Fund Earnings		10,743		
Ending Balance	3/31/2008			<u>\$6,202,742</u>
<u>Certificate of Deposit - DWR Loan Reserve FNB</u>				
Beginning Balance	3/1/2008			\$342,932
Interest Earned		1,158		
Ending Balance	3/31/2008			<u>\$344,090</u>

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PAJARO VALLEY WATER MANAGEMENT AGENCY
 INVESTMENT REPORT
 ALL FUNDS
 March 31, 2008

Description	Current Yield	Investment	% of Total Portfolio	Weighted Yield
<u>FIRST NATIONAL BANK</u>				
Clearing Account	0.00%	\$294,718	3.06%	0.00%
General Fund	1.94%	568,403	5.89%	0.11%
Special Revenue Fund-Checking	0.00%	5,215	0.05%	0.00%
Special Revenue Fund-Cash Mgmt	1.99%	1,106,584	11.47%	0.23%
Certificate of Deposit-DWR Loan Reserve	4.15%	344,090	3.57%	0.15%
<u>LAIF</u>	4.96%	1,002,738	10.40%	0.52%
<u>CITIGROUP Smith Barney</u>				
	Maturity Date			
Money Fund	2.18%	6,202,742	64.31%	1.40%
<u>US Bank</u>	1.59%	<u>121,199</u>	1.26%	0.02%
Total		<u>\$9,645,689</u>	<u>100.0%</u>	<u>2.43%</u>

PVWMA
 Available Cash Analysis

28-Mar-08

	Fund 10	Fund 20	All Funds
Board approved reserves			
Operating	400,000	1,200,000	1,600,000
Debt Service SWRCB Loan		338,075	338,075
Debt Service - All other		61,925	61,925
Rate Stabilization		4,000,000	4,000,000
Total Reserves	400,000	5,600,000	6,000,000

First National Bank Checking	567,444	2,949	
First National Bank Cash Management		1,103,632	
LAIF	1,002,738		
Citigroup SB		6,191,999	
Total Cash	1,570,183	7,298,580	8,868,763

Available Cash (Total less reserves) 1,170,183 1,698,580 2,868,763

PVWMA

Billing Totals thru 3/01/08 billed on 3/31/08

Services	Consumption		Billing Totals:
	Billed:	Billed:	
Route 1	24	155.215 \$	12,417.20
Route 2	18	29.928 \$	2,394.24
Route 3	26	59.566 \$	4,765.28
Route 4	19	19.821 \$	1,585.68
Route 5	36	77.155 \$	6,172.40
Route 6	21	164.215 \$	13,137.20
Route 7	37	182.383 \$	14,590.64
Route 8	29	309.890 \$	24,791.20
Route 9	30	164.278 \$	13,142.24
Route 10	43	62.617 \$	5,009.36
Route 11	32	238.423 \$	19,073.84
Route 12	30	48.161 \$	3,852.88
Route 13	30	33.383 \$	2,670.64
Route 14	29	87.310 \$	6,984.80
Route 15	49	163.695 \$	13,095.60
Route 16	36	117.460 \$	9,396.80
Route 17	28	135.822 \$	10,865.76
Route 18	34	248.776 \$	19,902.08
Route 19	30	108.841 \$	8,707.28
Route 20	34	337.474 \$	26,997.92
Route 21	19	60.123 \$	4,809.84
Purveyors-Watsonville	1	1380.000 \$	110,400.00
Aromas	1	58.360 \$	4,668.80
Pajaro SunnyMesa	1	77.640 \$	6,211.20
Vega Water Mutual	1	12.960 \$	1,036.80
Cal Water	1	67.850 \$	5,428.00
Turn Outs 92	15	76.691 \$	20,093.04
Cycle 99 Metered	6	36.694 \$	2,935.52
Pick Up Non Metered	1	2.500 \$	200.00
TOTAL:	661	4517.231 \$	375,336.24 \$

\$ 375,336.24 Total Billed

4517.231 \$ 375,336.24 Check total

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PVWMA Financial Update

For the Period Ended March 2008

PVWMA-FINANCIAL UPDATE Dated March 2008

General Fund		2008		Amended		Year to Date	
FY 2007-2008		Final Budget		Budget		Revenue and Year to Date	
Description	Account	Final Budget	Adjustments	Budget	Revenue	Expenditures	% of Budget
Beginning Fund Balance Available		\$ 1,657,674		\$ 1,667,674			
Management Fees	10-00-4000-500	360,000	1,246	361,246	361,246		
Water Sales	10-00-4050-500	786,000	(391,760)	394,240	284,449		
Interest Income	10-00-4500-500	45,000	21,280	66,280	39,617		
Other Revenue	10-00-4700-500	15,000	(13,000)	2,000	1,871		
		\$ 1,206,000	(382,234)	\$ 823,766	\$ 687,183		83.42%
Salaries and Wages	10-10-5010-500	274,680		227,790	163,086		
Employee Health Benefits	10-10-5200-500	48,970		40,625	28,436		
Retirement Benefits	10-10-5210-500	36,550		30,322	24,837		
Worker's Comp Insurance	10-10-5220-500	3,400		2,821	1,723		
Payroll Taxes	10-10-5230-500	3,350		6,927	3,320		
Disability Insurance	10-10-6240-500	300		249			
Total		372,150	(63,417)	308,733	221,402		71.71%
Auto Allowance	10-10-5250-500	1,350		1,350	1,073		
Conferences-Seminars-Meetings	10-10-5300-500	4,800	(3,800)	1,000	516		
Travel - Mileage - Meals	10-10-5320-500	4,800	(3,300)	1,500	1,474		
Bank Charges	10-10-5400-500	2,800	(2,800)	0			
Insurance	10-10-5410-500	7,900		7,900	5,527		
Taxes	10-10-5420-500	800	(700)	100	26		
Legal Notices & Ads	10-10-5430-500	2,800	(800)	2,000	1,437		
Dues & Subscription	10-10-5440-500	2,500	(600)	1,900	1,827		
Office Expense	10-10-5450-500	4,700	(1,996)	2,704	1,692		
Postage	10-10-5460-500	1,900		1,900	1,861		
Printing	10-10-5470-500	900		900	718		
Utilities	10-10-5480-500	1,500		1,500	1,036		
Telephone	10-10-5490-500	2,800	(300)	2,500	1,746		
Internet & Web Page	10-10-5500-500	600	(500)	100	21		
Office Equipment Leases	10-10-5510-500	1,900		1,900	1,367		
Legal Services	10-10-5540-500	28,700	10,000	38,700	44,064		
Outside Services-Operating	10-10-5545-500	6,000	(5,700)	300	241		
Professional Services-Operating	10-10-5550-500	16,900	(6,900)	10,000	8,180		
LAFCO District Fees	10-10-5555-500	1,300		1,300	983		
Collection Fee/Bad Debt	10-10-5570-500	3,800		3,800	3,088		
Professional Services-Maintenance	10-10-5610-500	13,100	(7,500)	5,600	4,909		
Office Equipment	10-10-5730-500	2,800	(2,000)	800	109		
Interfire Water Charges	10-20-6000-500	318,000		318,000	71,426		
Salaries and Wages-BOD	10-20-5010-500	3,150		3,150	1,768		
Payroll Taxes	10-20-5230-500	230		230	208		
Conferences and Travel-BOD	10-20-5320-500	800		800	373		
Water Conservation	10-20-6000-500	80,000	(40,000)	40,000	26,506		
Total Services & Supplies		516,330	(66,896)	449,434	182,575		40.62%
Total Expenditures		888,480	(130,313)	758,167	\$ 403,977		53.28%
Revenue in excess (deficit) of expenses		\$ 317,520	(251,921)	\$ 65,599	283,206		431.72%

PVWMA FINACIAL UPDATE Dated March 2008

Technical Division		2008		75% of B	
FY 2007-2008		Final Budget	Amended Budget	Year to Date Revenue and Expenditures	Year to Date Revenue and Expenditures
Description	Account	2008	Amended Budget	Year to Date Revenue and Expenditures	75% of B
Revenues:					
Water Sales					
Grants & Loans	20-00-4300-500				
Interest Income	20-00-4500-500	\$ 100,000	(100,000)		
Other Revenue	20-00-4800-500	10,000	21,000	31,324	
Total Revenue	\$ 110,000	\$ 110,000	(79,000)	\$ 31,324	101.05%
Salaries and Wages	20-10-5010-500	828,069	828,069	659,089	
Employee Health Benefits	20-10-5200-500	199,376	199,376	129,552	
Retirement Benefits	20-10-5210-500	144,292	144,292	105,687	
Worker's Comp Insurance	20-10-5220-500	3,273	3,273	7,715	
Payroll Taxes	20-10-5230-500	20,115	20,115	15,798	
Disability Insurance	20-10-5240-500	1,300	1,300	-	
		1,497,150	1,196,425	917,841	76.72%
Auto Allowance	20-10-5250-500	5,850	(2,550)	3,219	
Conferences-Seminars-Meetings	20-10-5300-500	20,700	(12,700)	4,480	
Travel - Mileage - Meals	20-10-5320-500	29,200	(14,200)	8,122	
Bank Charges	20-10-5400-500	12,200	-	12,200	
Insurance	20-10-5410-500	34,100	34,100	24,815	
Taxes	20-10-5420-500	3,400	(3,200)	200	121
Legal Notices & Ads	20-10-5430-500	12,200	-	12,200	6,707
Dues & Subscription	20-10-5440-500	11,400	(2,550)	8,850	8,524
Office Expenses	20-10-5450-500	20,300	(8,300)	12,000	6,172
Postage	20-10-5460-500	8,100	-	8,100	8,682
Printing	20-10-5470-500	4,100	-	4,100	3,350
Utilities	20-10-5480-500	6,500	4,100	10,600	4,677
Telephone	20-10-5490-500	12,200	-	12,200	8,632
Internet & Web Page	20-10-5500-500	2,400	(1,900)	500	98
Office Equipment Leases	20-10-5510-500	8,100	-	8,100	6,378
Field Supplies	20-10-5520-500	20,000	-	20,000	6,903
Electrons	20-10-5530-500	-	-	-	-
Uniforms	20-10-5535-500	5,000	-	5,000	1,904
LAFCO District Fees	20-10-5555-500	5,700	3,474	9,174	4,587
Collection Fee/Bad Debt	20-10-5560-500	16,200	-	16,200	(533)
Professional Services - Admin	20-10-5610-500	56,900	83,100	140,000	87,140
Office Equipment	20-10-5730-500	12,200	(10,700)	1,500	510
Vehicles	20-10-5750-500	50,000	(25,000)	25,000	-
Meters	20-10-5760-500	35,000	-	35,000	-
Other Fixed Assets	20-10-5770-500	10,000	(10,000)	-	-

PVWMA-FINANCIAL UPDATE Dated March 2008

Capital Projects Fund		FY 2007-2008		2008		Adjustments		Amended Budget		Year to Date Revenue and Expenditures		75% of Budget Year to Date	
Description	Account	Final Budget						Budget		Revenue	Expenditures		
Revenues:													
Grants & Loans	30-00-4200-500	\$ 8,905,000	-8,905,000										
Prop 13			10,288,351					10,288,351		6,479,241			
Prop 50			3,930,000					3,930,000					
Prop 50 IRWM			6,300,000					6,300,000					
Prop 50 Recycle			169,000					169,000					
Interest Income	30-00-4500-500	280,000	3,982,500					3,982,500					
Total		\$ 9,185,000	15,484,851					\$ 24,669,851		\$ 6,479,241			26.26%
Expenditures:													
Coastal Distribution System	30-30-5940-500	11,822,000	4,101,193					15,923,193		14,672,683			
PRWatershed IRWM - Prop 50	30-30-5920-500	225,000	(56,000)					169,000		26,070			
U S G S Services - Basin Mon	30-30-5800-500	290,000	(139,300)					150,700		40,697			
Monitoring Well Constructio	30-30-6210-500	250,000	(250,000)					-					
Central Coast IRWMP Plann	30-30-5970-500	100,000	-					100,000		330			
Water Supply	30-30-5910-500	125,000	(125,000)					-					
Recycled Water Project	30-30-5960-500	120,000	-					120,000		128,510			
Engineering	30-30-5820-500	-	-					-					
Meter Contractor	30-30-5825-500	-	-					-					
Legal Services	30-30-5830-500	-	-					-					
Environmental Permits	30-30-5870-500	-	-					-					
GIS Services	30-30-5900-500	-	-					-					
Import Pipeline	30-30-5930-500	-	-					-					
Blend Pipeline	30-30-5950-500	-	-					-					
Other Outside Services	30-30-5980-500	0	50,000					50,000		38,700			
Total		\$ 12,932,000	\$3,580,893					\$ 16,512,893		\$ 14,906,990			90.27%
Revenue in excess (deficit) of expenses								\$ 8,156,958		\$ (8,427,749)			-103.32%

The balance of revenues are expected to be accrued or received by yearend, those accrued are anticipated in July and August.

PVWMA-FINANCIAL UPDATE Dated March 2008

Debt Service Fund		2008		Adjustments	Year to Date Revenue and Expenditures	75% of Budget Year to Date
Description	Account	Final Budget	Amended Budget			
Beginging Fund Balance		\$ 1,387,452	\$ 1,387,452			
Interest Income	40-00-4500-500	30,000	(30,000)			
Total		\$ 30,000	(30,000)			
Loan Payment-HS	40-40-6300-500	764,000			764,000	
Loan Payment-AP	40-40-6310-500	415,000			415,000	241,787
Loan Payment-CDS, Prop 13	40-40-6315-500	154,000			154,000	0
Bond Payment Principal	40-40-6320-500	425,000			425,000	247,917
Bond Payment Interest	40-40-6330-500	946,000			946,000	554,604
Loan Repayment Principal						
Loan Repayment Interest						
City of Watsonville Principal						
City of Watsonville Interst						
		\$ 2,704,000			\$ 2,704,000	40.18%
					42,256	
Revenue in excess (deficit) of expenses		(2,674,000)			\$ (2,704,000)	\$ (1,086,564)
Operating Transfers-In	40-00-4100-500	\$ 2,800,000	1,483,452		\$ 1,316,548	\$ 1,086,564
Totals					\$ -	\$ -

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PVMMA FINANCIAL UPDATE Dated March 2008						
SPECIAL REVENUE AUGMENTATION FUND						
AMENDED BUDGET						
FISCAL YEAR 2007-2008						
Description	Account	Final Budget	Adjustments	Budget	Year to Date Revenue and Expenditures	75% of Budget Year to Date
Beginning Fund Balance		\$ 21,663,514		\$ 21,663,514	\$ 21,663,514	
Augmentation Charges	20-00-4100-500	5,200,000	(720,000)	4,480,000	1,225,480	
Interest	20-00-4150-500	130,000	470,000	600,000	357,427	
Title XVI			-	-	-	
Total Revenues		\$ 5,330,000	(250,000)	\$ 5,080,000	\$ 1,582,907	31.16%
Settlement Legal Fees			1,800,000	1,800,000	1,800,000	
Refund/Settlements			105,711	105,711	105,711	
Allowance for Uncollectible Accounts			180,000	180,000	-	
Special Item			65,000	65,000	65,000	
		\$ -	2,150,711	\$ 2,150,711	\$ 1,970,711	91.63%
Excess of Revenues/Deficit		5,330,000	(2,400,711)	2,929,289		
Operating Transfers Out:			-			
General Fund			\$ 1,723,273			
Technical Division		(5,330,000)	2,817,252	(2,512,748)	(886,517)	
Debt Service		(2,830,000)	1,513,452	(1,316,548)	(1,086,564)	
Operating Transfers-In			8,156,958	8,156,958	-	
Ending Fund Balance		\$ 18,833,514	10,086,951	\$ 28,920,465	(1,973,081)	45.59%
				\$ 19,302,629		66.74%

Note 1. 1/3rd of net refund based upon amounts paid by plaintiffs.

MEMORANDUM

DATE: April 10, 2008
MEETING OF: April 16, 2008
TO: Board of Directors
FROM: Ad Hoc Executive Committee
RE: **ACTION ITEM 8A:** Consider Contract for Annual Audit Services with Bartlett, Pringle & Wolf, LLP in the amount of \$25,000

BACKGROUND

Bartlett, Pringle & Wolf, LLP conducted the Agency's annual audit for the fiscal year ending June 30, 2007. Bartlett, Pringle & Wolf, LLP will conduct an audit of the Agency's financial statements as of and for the ending June 30, 2008. In addition to the Agency's financial statements, Bartlett will also issue the following reports or types of reports:

- Report on internal control related to the financial statements and major programs. The report will describe the scope of testing of internal control and results of their testing of internal control.
- Report on compliance with laws, regulations, and the provision of contract or grant agreements. Bartlett will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major group.

Last year's services cost \$24,160. The Administrative/Finance Committee, at its April 9, 2008, considered this item and recommended selection of this audit firm by the full Board.

FISCAL IMPACT

June 2008 audit cost \$25,000.

STAFF RECOMMENDATION

That the Board approve contract for Audit Services for FY ending June 30, 2008.

ATTACHMENT

- Engagement letter from Bartlett, Pringle & Wolf, LLP

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BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

March 17, 2008

Board of Directors
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076

Dear Nancy:

We appreciate the opportunity to submit the enclosed audit proposal for the Pajaro Valley Water Management Agency for the fiscal year ending June 30, 2008.

This year's audit proposal includes assistance with preparation of the financial statements and footnote disclosures, at the request of Gary A. Knutson. We estimate the fees for your audit to be \$25,000 including assistance with preparation of the financial statement and footnotes.

Please do not hesitate to contact me should you have any questions. We look forward to hearing from you.

Sincerely,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants & Consultants

Danna D. McGrew
Partner

DDM:ss

Enclosure

0000018



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

March 13, 2008

Board of Directors
Attn: Nancy Trevino
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076

Dear Nancy:

This letter is to explain our understanding of the arrangements for the services we are to perform for Pajaro Valley Water Management Agency (the Agency) for the year ending June 30, 2008. We ask that you either confirm or amend this understanding.

We will perform an audit of the Agency's financial statements as of and for the year ending June 30, 2008. We understand that these financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America, "Government Auditing Standards" issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements issued by the California State Controller's Office. Those standards, circulars, supplements or guides require that we plan and perform the audit to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraudulent financial reporting, or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting, or misappropriation of assets, may remain undetected. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As a result, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our reports.

In addition to our report(s) on the Agency's financial statements, we will also issue the following reports or types of reports:

- Report on internal control related to the financial statements and major programs. This report will describe the scope of testing of internal control and the results of our tests of internal controls.

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- Report on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program.

Our report on internal control will include any reportable conditions and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circular identified above. Our report on compliance will address material errors, fraud; violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

If circumstances arise relating to the conditions of your records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

As you know, management is responsible for 1) the preparation of the Agency's financial statements, 2) establishing and maintaining effective internal control over financial reporting, safeguarding assets and internal control over compliance, including monitoring ongoing activities, and for informing us of all significant deficiencies in the design or operation of such controls of which it has knowledge, 3) properly recording transactions in the records, 4) identifying and ensuring that the Agency complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations, 5) the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements, 6) informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, regulators, or others, 7) making all financial records and related information available to us, and 8) for adjusting the financial statements to correct material misstatements. At the conclusion of our audit, we will request certain written representations from management about the financial statements and matters related thereto. We will also require that you affirm to us that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The Board of Directors is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity. We will also determine that certain matters related to the conduct of the audit are communicated

to the Board of Directors including 1) fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, 2) illegal acts that come to our attention (unless they are clearly inconsequential), 3) disagreements with management and other serious difficulties encountered in performing the audit, and 4) various matters related to the entity's accounting policies and financial statements.

The Agency hereby indemnifies Bartlett, Pringle & Wolf, LLP and its partners, principals, and employees and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Agency's management, regardless of whether such person was acting in the Agency's interest. This indemnification will survive termination of this letter.

We will prepare the Agency's State Controller's Reports. You acknowledge that you have final responsibility for these reports, and therefore you should review them carefully before you sign and file them.

The working papers for this engagement are the property of Bartlett, Pringle & Wolf, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of Bartlett, Pringle & Wolf, LLP audit personnel and at a location designated by our Firm.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.

Our fees are based on the time required by the individuals assigned to the engagement. Our fee for the services described in this letter will be \$25,000 for the year ended June 30, 2008. Out of pocket expenses will include necessary transportation and lodging approved in advance by the Agency. Should the scope of the engagement change or we encounter unexpected conditions, we will discuss the situation with you before incurring additional fees.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both

acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

It is agreed by the Agency and Bartlett, Pringle, & Wolf, LLP or any successors in interest that no claim by or on behalf of either party arising out of services rendered pursuant to this agreement shall be asserted more than three years after the date of the review report or one year after the date of termination of our services, whichever date occurs first.

In the event we are requested or authorized by the Agency or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Agency, the Agency will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

This letter constitutes the complete and exclusive statement of agreement between Bartlett, Pringle & Wolf, LLP and the Agency, superseding all proposals oral or written and all other communication, with respect to the terms of the engagement between the parties.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed, for your information.

If this letter defines the arrangements as you understand them, please sign and date the enclosed copy, and return it to us. We appreciate your business.

Very truly yours,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants and Consultants



Danna D. McGrew
Partner

DDM/ss
Enclosures

Approved:

By: _____

Date: _____



Gutierrez Consultants

Memorandum

Subject: PVWMA Grant Update

To: Dennis Osmer, Chairman
Mary Bannister, Technical Division Manager

From: Lidia Gutierrez, Gutierrez Consultants

Date: April 8, 2008

This memorandum provides an update on the Pajaro Valley Water Management Agency (Agency) Proposition 13 and Proposition 50 Grants.

Proposition 13

1. DWR cut the check for Reimbursement Request No. 6 on March 28, 2008. The \$800,000 check is expected by April 11, 2008.
2. DWR has approved Reimbursement Request No. 7. The check request has been submitted to the State Controller's office and a check should be cut and mailed by April 25, 2008. The reimbursement amount is approximately \$1.7 million.
3. Reimbursement Request No. 8 was submitted to DWR on March 28, 2008. The accounting department has begun review of the submittal. The reimbursement amount is approximately \$400,000 and a check can be expected by May 30, 2008.

The grant budget remaining is approximately \$1.3 million plus an additional \$1.6 million in retention. The reimbursement submittal schedule is as follows:

1. Reimbursement Request No. 9 will be submitted by April 30, 2008. The reimbursement amount will be approximately \$500,000.
2. Reimbursement Request No. 10 will be submitted by May 30, 2008. The reimbursement amount will be approximately \$400,000.
3. Reimbursement Request No. 11 will be submitted by June 30, 2008. The reimbursement amount will be approximately \$400,000.
4. The Final Report and request for release of retention will be submitted by July 31, 2008. The retention amount will be approximately \$1.6 million.

Proposition 50

The Agency approved grant agreement package was submitted to DWR on March 28, 2008. DWR is expected to take at least a month to process and execute the grant agreement. PVWMA, along with the project sponsors, are working to satisfy each of the grant documentation requirements. After meeting all of the requirements, PVWMA will begin work on the first reimbursement submittal. The goal is to have a reimbursement request submitted to DWR by the end of July 2008. The first submittal should include a request for \$11.5 million (less retention) for the CDS and Recycled Projects.

Integrated Planning and Funding Solutions

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San Ramon, CA 94582
925.766.5294

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