



## **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](mailto:info@pvwma.dst.ca.us) • <http://www.pvwma.dst.ca.us>

**Board of Directors Meeting  
City Council Chambers**

**January 21, 2009, 7:00 p.m.  
250 Main Street, Watsonville, CA**

### **BOARD MEETING MINUTES**

#### **1. Call to Order**

- 2. 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, at 7:10p.m. by Chair Osmer.

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

Board Members Absent: Cervantes, Kegebein

Staff Members Present: Mary Bannister, Interim General Manager (IGM)  
Veronica Barboza, Administrative Analyst (AA)  
Others Present: Anthony Condotti, Counsel

#### **3. Pledge of Allegiance**

#### **4. Oral Communications:** None

- 5. Director Comments:** Director Dobler commented on the recent articles in the newspaper regarding Agency bankruptcy.

- 6. Counsel Report:** Counsel reported that the Pajaro Sunny Mesa Community Service District trial court case was granted in favor of the Agency in the. Counsel also reported that on January 20, 2009, Pajaro Sunny Mesa filed a motion for reconsideration.

#### **7. Interim General Manager Report:** None

#### **8. Consent Agenda:**

- A. Approve December 10, 2008 Minutes
- B. Approve Financial Report for October, November & December 2008
- C. Approve Disbursement Ledger for October, November & December 2008

◆ Motion by Director Dobler to approve the Consent Agenda as presented. Motion carried by the following roll call vote:

**AYES:** Osmer, Eiskamp, Dobler, Imazio, Koenig

**NOES:** None

**ABSENT:** Cervantes, Kegebein

**ABSTAIN:** None

## 9. Discussion and/or Action Items

- A. Receive report from on Clarification of Payment Terms in the Pajaro Valley Water Management Agency and City of Watsonville Cost Sharing Agreement for the Recycled Water Treatment Facility: IGM reported that the Agency entered into a cost sharing agreement with the City of Watsonville on March 19, 2006 to establish the terms and conditions associated with the cost sharing, repayment, and disbursement of grant funds associated with the Recycled Water Treatment Facility. She stated that since the execution of the agreement, the Agency and the City have been awarded Department of Water Resources Proposition 50 grant funds and received payment on United States Bureau of Reclamation Title XVI funds to pay for costs associated with the Recycled Water Treatment Facility. The award and receipt of these grants funds have caused a need to clarify or amend the payment terms as described in the cost sharing agreement. The IGM continued that the Agency and the City have secured grant funding from Proposition 50 to help pay for the Recycled Water Treatment Facility. However, to expedite reimbursement of water supply and distribution facility expenditures, by motion adopted at its regular meeting of March 19, 2008, the Board approved to transfer of an additional \$2,400,000 to the Recycled Water Facility for a total of \$6,825,300 grant. She stated that as result of the Board's action, the Agency's Proposition 50 grant award for the Coastal Distribution System was reduced by \$2,400,000. The Board took no action on this item. The IGM will update at the next meeting.
- B. Receive report on expedited claims processing and refunds, and consider expanding category claimants receiving full payment: IGM reported that on December 10, 2008 meeting, the Board authorized staff to make full refund payments to all rural residential customers, and to pay the remainder of claimants one-sixth of their claim amounts, semi-annually over three years.. She further stated that in administering the first batch of claims, it has become apparent that there are many "well" claims (not rural residential) that are also for relatively small dollar amounts. In order to expedite payments, maximize claim processing efficiency, and minimize administrative costs, she stated that staff recommends that the Board consider making full payments on all claims under \$300.

Public Comments: Doug McKinney: Inquired if the Agency has refunded the City of Watsonville and when will the City reimburse its customers.

Steve Palmisano, City of Watsonville: Responded to Mr. McKinney, stating that the City has been refunded their one-sixth payment. City users will be receiving adjustments in their February/March billing.

After discussion, the following action was taken:

◆ Motion by Director Koenig to approve making full payments on all claimants under \$300 as presented. Motion carried by the following roll call vote:

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

C. Consider conditional lump sum refund of Pajaro Sunny Mesa Community Services District and Vega Road Water Mutual Company augmentation charges paid pursuant to Ordinance Nos. 2003-01 and 2004-02: There was no discussion on this item. Board recommended moving this item to close session. The following action was taken:

◆ Motion by Director Eiskamp to move/discuss item 9c to closed session. Motion carried by the following roll call vote:

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

## 10. Reports/Informational Presentations

### A. Board Committee Reports:

1. Report of Chair on Ad hoc Funding Committee: Director Osmer reported on the January 5, 2009 meeting; Director Osmer reported on the January 19, 2009 Ad Hoc Funding Committee meeting and stated that Action Pajaro Valley will be helping the committee by providing minutes for each meeting.
2. Report of Chair on the Administrative/Finance Committee: IGM reported on the January 13, 2009 Meeting. Director Eiskamp inquired on the Financial Statements for June 30, 2008.
3. Report of Chair on Water Quality and Project Operations Committee: IGM reported on the January 14, 2009 Meeting and stated that, the title 22 warning for non-compliance letters was mailed out.
4. Board committee assignment information

### B. Staff Reports

1. Facility Operations Report: IGM stated that staff is working with customers regarding the Recycled Water permits.

## 11. Written Communication/Correspondence: None

## 12. Future Meetings and Agenda Items

- A. Water Quality and Project Operations Committee – January 28, 2009, 2:00 pm-4:00 pm, Watsonville Waste Water Treatment Facility
- B. Ad Hoc Funding Committee – February 2, 2009, PVWMA Conference Room
- C. Water Quality and Project Operations Committee – February 11, 2009, 2:00 pm-4:00 pm, Watsonville Waste Water Treatment Facility
- D. Administrative/Finance Committee – February 11, 2009, 4:00 pm, PVWMA Conference Room
- E. Board Meeting – February 18, 2009, 7:00 pm, “Old” City of Watsonville Council Chambers
- F. Water Quality and Project Operations Committee – February 25, 2009, 2:00 pm-4:00 pm, Watsonville Waste Water Treatment Facility

## 13. Closed Session

### A. Conference with Legal Counsel- Pending Litigation

Pursuant to Government Code Section 54956.9(a)

Name of Case: Pajaro Sunny Mesa CSD, et al. , v. PVWMA (SCSC Case No. CV 159506)

### B. Conference with Legal Counsel – Anticipated Litigation

Initiation of litigation pursuant to Government Code section 54956.9(c):

(one potential case – consideration of potential Chapter 9 bankruptcy petition)

The closed session commenced at approximately 8:05 p.m. with Directors Osmer, Imazio, Eiskamp, Dobler and Koenig, and Interim General Manager Bannister, General Counsel Condotti and Special Counsel Atkins present. Item B was taken out of order, after which Director Eiskamp left the meeting, at approximately 9:15 p.m. The meeting ended at approximately 9:50 p.m., at which time it was reported that the Board would place Item 13.A on an upcoming agenda for further discussion in open session.

**14. Adjourned at : 9:50 pm**

Veronica Barboza  
Veronica Barboza, Secretary

Feb 18, 2009  
Date Approved