



PAJARO VALLEY WATER MANAGEMENT AGENCY

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Board of Directors Meeting
March 24, 2010, 7:00 pm

City Council Chambers
275 Main Street, 4th Floor
Watsonville, CA

BOARD MEETING MINUTES

1. Call to Order

2. **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, 275 Main Street, 4th Floor, Watsonville, CA, at 7:08 p.m. by Chair Imazio.

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

Board Members Absent: None

Staff Members Present: Mary Bannister, General Manager (GM)
Veronica Barboza, Administrative Analyst (AA)
Others Present: Richard Shanahan, Proposition 218 Special Counsel

3. Pledge of Allegiance

4. Oral Communications: None

5. Director Comments: None

6. **General Manager Report:** GM reported that the Agency had received two (2) grant payments from the Department of Water Resources.

7. Consent Agenda

- A. Approve March 3, 2010 Minutes

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

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

NOES: None

ABSENT: None

ABSTAIN: None

8. Discussion and/or Action Items

- A. Consider approval of Proposition 218 Service Charge Report and direction to staff to proceed with 45 day public hearing notice: GM reported that the Service Charge report was introduced on February 3, 2010 and further discussed at the February 17, 2010 and March 3, 2010 Board Meetings. At the March 3, 2010 the Board requested that the additional analysis occur prior to accepting the report. Staff was directed to evaluate the option of excluding unmetered groundwater users from paying groundwater charges based upon assumption that unmetered rural residential groundwater users do not substantially contribute to the overdraft and account for relatively minor percentage of the total basin consumption. GM stated that following the March 3, 2010 meeting, staff re-examined the option of excluding unmetered water users from the proposed groundwater. This option was also considered extensively

by the Ad Hoc Funding Committee while it met during the period from fall 2008 through December 2009. Ultimately, it was rejected for a number of reasons, including the following:

1. All water users in the valley depend upon the long-term sustainability of the groundwater basin, and contribute to the cumulative overdraft. Because groundwater management services provided by the Agency are attributable to all users, excluding one category of users and therefore requiring all other categories of users to subsidize the cost of management attributable to unmetered users, creates an issue of "fairness."
2. If one class of users is excluded, then the rationale for doing so should also arguably be considered for all classes of users on the same basis. The same rationale may support exclusion of municipal water purveyors, mutual water companies, or low-intensity metered agricultural users.
3. A policy of exempting use within the sustainable yield of the basin, while possessing some merit, would result in a corresponding increase in the groundwater charge to the maximum allowed by the Agency's enabling legislation, \$210 per acre-foot. It would also cause the delivered water rate to increase to nearly \$1,000 per acre-foot to meet Agency revenue requirements.
4. It arguably requires the acre-foot per acre analysis of all users in the basin. This would involve a significant contribution of Agency resources to determine how many acres each well is serving annually, and end of year billing so that a determination of whether total usage exceeds "free" limit.

Lastly, GM stated that staff recommended against exclusion of unmetered water users, for the same reasons that the Ad Hoc Funding Committee ultimately abandoned this concept. However, the following approach was developed to allow the Agency to move forward with the important work of the next few years, while addressing the issues identified above:

1. Add a 5 year sunset clause to the proposed rate scenario. This would enable the board to reassess the budget, update the Basin Management Plan, evaluate new projects for implementation, and reconsider rates.
2. Immediately, upon a successful ballot effort, move forward with consideration proposed modifications to the Agency which may include:
 - a. A higher limit on the groundwater charge;
 - b. Inclusion of conservation under the definition of "supplemental water" to allow groundwater charges to be used for an aggressive conservation program; and
 - c. Other changes as directed by the board to add clarity to the act.

Public Comments:

Harold Griffith stated that the public would need 857 signatures of people registered to vote within the district in order to make an initiative eligible for vote, should the public decide the Agency is not fulfilling its purpose.

Doug McKinney stated that the Augmentation Charge can only be used to capture, store, purchase supplemental water.

Nick Buliach addressed the issue in Harold Griffith's letter regarding Legislature's Intent.

Joe Pendry thanked Director Koenig for recognizing his urgency for conservation programs.

Elias Alonzo stated that as a member of the public, he trusts that the Agency is not trying to 'fool' anyone.

After Board discussion, the following action was taken:

◆ Motion by Director Osmer to approve Proposition 218 Service Charge and direction to staff to proceed with 45 day public hearing notice as presented. Motion carried by the following roll call vote:

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

- B. Consider Resolution 2010-03 adopting procedures for public hearing notice, majority protest and election concerning proposed revisions to augmentation charge and delivered water charge: Director Eiskamp brought up the discussion regarding the five (5) year sunset clause. Mr. Shanahan suggested that the 5 yr sunset clause ultimately be included in the Augmentation Charge Ordinance which is a later action and direct staff.

Public Comments:

Ken Reiller stated that he supports the idea of a 5 yr sunset. He suggested using the next 5yrs to get a legislature to change the Agency Act.

Harold Griffith stated that the Agency should do a 2/3 vote. He also stated that the Agency Act needs to be updated.

Nick Buliach stated that he was not against people having the right to vote, he is worried about putting something before the people that is illegal.

After Board discussion, the following action was taken:

◆ Motion by Director Eiskamp to direct staff to include a provision in the Augmentation Charge Ordinance that the charge expires in five (5) years unless the charge is extended or revised by the Board of Directors before five (5) years. Motion carried by the following roll call vote:

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

Next, Mr. Shanahan briefly summarized the resolution to the board. The proposed resolution was presented to and reviewed by the Board at its February 17 and March 3, 2010 meeting. The only change from the original version is to clarify that lands east of the San Andreas Fault will not be subject to the Agency augmentation charge, because impermeable rocks east of the fault act as a barrier to groundwater flow, that area is outside of the Pajaro Valley groundwater basin.

Public Comments:

Caroline Anderson stated that she is a resident of Monterey County and is part of a small water mutual company. She stated that there are six (6) homes that share one (1) well; all are part owners of that well. She wanted to know as to who will get to vote.

After Board discussion, the following action was taken:

◆ Motion by Director Osmer to approve Resolution 2010-03, adopting procedures for public hearing notices, majority protest and elections concerning proposed revisions to Augmentation Charge and Delivered Water Charge and that staff return to the Board with recommendations for Agency Act modifications.

Motion carried by the following roll call vote:

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

9. Written Communication/Correspondence: February 2010

10. Future Meetings and Agenda Items

- A. Board Meeting- April 7, 2010, 7:00 pm, "New" City of Watsonville Council Chambers, 275 Main Street, 4th Floor (**CANCELLED**)
- B. Administrative/Finance Committee Meeting- April 20, 2010, 4:00 pm, PVWMA Conference Room
- C. Board Meeting- April 21, 2010, 7:00 pm, "New" City of Watsonville Council Chambers, 275 Main Street, 4th Floor

11. Adjourned at : 9:00 pm


Veronica Barboza, Secretary

4.21.10
Date Approved