



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
December 19, 2012, 5:00 p.m.

City Council Chambers
275 Main Street, 4th Floor
Watsonville, CA 95076

BOARD MEETING MINUTES

1. **Call to Order**
2. **Oath of office administered by Clerk of the Board to newly-elected and appointed directors:**
Rich Persoff, Division "B", Sam Cooley, Division "D", Rosemarie Imazio, City of Watsonville,
Dave Cavanaugh, County of Santa Cruz
3. **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 5:41 p.m. by Chair Imazio.

Board Members Present: Imazio, Cavanaugh, Persoff, Lynn, Cooley

Board Members Absent: Osmer, Vasquez

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Staff Hydrologist (SH)
Chuy Martinez, Sr. Water System Operator (SWSO)
Laura R. Taay, Administrative Analyst (AA)
Teresa Delfino, Administrative Services Manager (ASM)
Others Present: Tony Condotti, Agency Counsel
4. **Pledge of Allegiance**
5. **Oral Communications:** None
6. **Director Comments:** None
7. **Counsel Report:** Counsel updated the Board on the status of the two pending cases in the Court of Appeals. Opening and opposition briefs have been submitted on the Pendry case and a full briefing has been submitted to the Court of Appeals. Griffith vs. PVWMA the lawsuit has been fully briefed and expects a reply brief of the appellants due to be filed by late January. Hopeful for a decision in 2013.
8. **General Manager Report:** GM welcomed new Director Sam Cooley, GM had worked a long time with his Grandmother, Diane Porter Cooley, was on the original Board of Directors of the Agency. This shows a great commitment by the Porter Cooley family to this valley. GM thanked the remainder of the board for signing up for another term and all their work and efforts. Staff has completed December billing. SH and GM attended ACWA in San Diego, December 4-7. Orange County Replenishment District is in court because they think their augmentation charge is not subject to Prop 218. Several of their purveyors have refused to pay so they are losing \$10 – 20 million a year in revenue until this is law suit is settled.

Staff and the City met with Bureau of Reclamation regarding our Title 16 reimbursements, \$4 million was received last year and \$9 million still due. Water Smart Grant has been completed, City of Watsonville paid for this as an exchange for the audit that Agency paid for. Grant is available for review at Agency office.

Only \$20 million total to be awarded to the Western States and we are hoping for a least \$4 million. Agency office closed Christmas week. GM wished the Board and the Public much peace and serenity for the holiday season.

9. Consent Agenda

- A. Approve November 14, 2012 minutes.
- B. Approve Financial Reports for November 2012.
- C. Approve Draft 2011 Annual Report.

2012 Annual Report should be completed in a couple of months.

Director Persoff requested a correction to page 12 of the Draft 2011 Annual Report. Board of Directors Elected, Division A should read Dwight Lynn and Division B should read Rich Persoff.

Action: Director Cavanaugh moved approval of the Consent Agenda; seconded by Director Lynn Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Cooley

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

10. Discussion and/or Action Items

- A. Consider renewal of contract with Gutierrez Consultants for Proposition 50 Program Administration in the amount of \$78,840 through December 31, 2013.

Pajaro Valley Water Management Agency (PVWMA), on behalf of several agencies and stakeholders in the Pajaro River Watershed, was awarded a \$25 million Proposition 50 Integrated Regional Water Management Implementation Grant. PVWMA entered into an agreement with the Department of Water Resources (DWR) establishing the agency as the fiscal agent and grant administrator. The grant included an award of \$1,244,511 to reimburse PVWMA for all costs associated with grant administration over the 10 year life of the grant.

The 2012 budget will now be fully expended at the end of this contract term in December 2012 and staff is requesting a contract renewal with Gutierrez Consultants, Inc. for continued grant invoicing, reporting, and technical support work through December 2013. The estimated fee is \$78,840, which will be invoiced based on time and materials as outlined in the attached Scope of Services and Fee Estimate Schedule. The grant administration costs continue to be reimbursed through the Proposition 50 grant. This was reviewed by the Administrative/Finance Committee at its December 4, 2012 meeting and recommended for approval by the Board.

Action: Director Cavanaugh moved to approve the renewal of contract with Gutierrez Consultants. Seconded by Director Lynn. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Lynn, Persoff, Cooley

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

B. Receive update on Breaching of Pajaro River sand bar by County of Santa Cruz.

On Tuesday, November 27, 2012, Santa Cruz County issued a “Notice of Readiness to Mobilize for Potential Breaching of the Sandbar at Pajaro River Mouth.” They indicated that they would mobilize heavy equipment at Palm Beach State Park on Wednesday, November 28. Emails indicated that they would move onto the beach and breach sometime after 10:30 on Friday, November 30, after the morning high tide. Significant rainfall occurred Thursday night, and Beach Road began flooding mid-morning, Friday. The water level gage in Watsonville Slough at Beach Road reached a high of 6.5 feet, according to correspondence from Michael Sapunor. The County mobilized onto the beach at about 1:00 p.m., and before they began to excavate, the flows in the river breached the sandbar and the flood waters receded.

Agency staff monitors both the quality, including salinity, and the height of the water in the lower Watsonville Slough system at several locations. Data collected from autonomous instruments during the time of the flooding and breaching will be downloaded and results summarized for the Board in next month’s update. A review of preliminary data indicates the slough level declined in the days following the river mouth breaching. The electrical conductivity of the water, a measure of the ease at which an electrical current can flow through it - a proxy for salinity, also decreased in the days after the river breached indicating an improvement in water quality. The improvement in water quality coincided with the accumulation of approximately three inches of rainfall that occurred between November 28th and December 2nd. In regards to the Harkin Slough maintenance work of November 2011 John Presley, Santa Cruz County Public Works Director asked GM if the County could pay half of the bill this year and half next year.

ACTION No action required

AYES: None

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

C. Consider approval of Resolution 2012-10 Expressing Appreciation to John G. Eiskamp for His Service as Director of the Pajaro Valley Water Management Agency.

First selected as Director of Division “D” in November 2000 and served through November 2012, a total of 12 years. Director Eiskamp sat on many committees and he campaigned for the agency to update IGSM Ground Water Model. He led the charge to get USGS involved in the mod flow model conversion.

Action: Director Cavanaugh moved to accept approval of Resolution 2012-10.

Seconded by Director Lynn. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Lynn, Persoff, Cooley

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

11. Monthly Reports/Presentations

A. Project Operations Report

1. Receive 2012 Project Delivery Update

Coastal zone deliveries of supplemental water are up 10-20%. Agency topped 3,500 a/f, this is the highest we have ever delivered. Blended recycle water goal is to deliver 4,00a/f of which would include additional blend water. Our agency

has only been delivering recycled water for 3-4 years and we are making good strides.

2. Receive Harkin Slough Project Update

Three new wells were installed and we hope to pump them this summer.

B. Board Committee Reports available www.pvwater.org

12. **Workshop – Board Review Draft 2012 Basin Management Plan**

A. Discuss and provide input on Draft Conservation Plan component of Board-Review Draft 2012 Basin Management Plan, and approve for inclusion in Public Draft

At its August 17, 2012 meeting, the PVWMA Board accepted the Ad Hoc Basin Management Plan (BMP) Committee recommended three pronged approach for bringing the groundwater basin into balance and stopping seawater intrusion. That approach includes:

CONSERVATION. Establish a conservation target of 5,000 afy, develop a recommended program for accomplishing the target, develop a program for monitoring progress, and establish an adaptive management strategy that includes periodic evaluation, stakeholder feedback, and adaptive actions, including triggers for initiating next steps in the event the conservation milestones are not met.

INCREASED DELIVERIES. Develop a recommended approach for optimizing deliveries and increasing demand for recycled water, particularly at nighttime when water is available but current use is low.

NEW PROJECTS. Proceed with development of the BMP Update Report and EIR based on the recommended portfolio of projects that balances the basin overdraft and stops seawater intrusion.

The development of the BMP conservation program is discussed in Chapter 6 of the *Board-Review Draft of the 2012 BMP Update Report*. The proposed conservation strategy for accomplishing the 5,000 afy target involves the following:

- Collecting data and filling information gaps
- Incorporating the data into the conservation program
- Developing an outreach strategy to maximize program effectiveness
- Evaluating pricing and other conservation strategies

The Board accepted the draft Conservation strategy at its November 14, 2012 board meeting and directed staff to initiate stakeholder meetings with landowners and growers to solicit input on the strategy. Staff followed up with an outreach effort outreach, contacting 17 landowners and growers representing vegetable crops, berries and nursery and greenhouses to obtain input on the feasibility of achieving 10% conservation, and to solicit their ideas for increasing delivered water use (particularly at non-peak times) and meeting the conservation goals.

Following the meetings with landowners and growers, the BMP team modified the strategy and a summary of the results of the interviews and the updated strategy is attached. Respondents were generally very supportive of a 10% conservation target. Twelve growers reported that they think that the 10% goal is reasonable. Nine growers reported that they already have an active sustainability program underway. Five more reported that they are working on conservation but don't have a formal sustainability program. The participants provided their ideas on how best to increase irrigation efficiency, programs that they would recommend as part of the outreach and education, and other programs/projects that they feel should be considered.

Mary Ellen Dick and Erin McCarthy, Program Managers with Central Coast Ag Water Quality Coalition, will be looking for areas of greatest potential for improvement, they will go out and talk to farmers and growers and teach them outreach and education on how to protect water quality and how they can conserve water. The focus is to go after the growers who are not attending the grower

meetings and who are not self-motivated. The element is to conserve 5,000a/f water. The Coalition will look for the most inexpensive and more practical ways to go about showing above and beyond the benefits for the growers to save on their bottom line and meet ag water requirements. The Coalition recommended the Agency reconstitute the Agriculture Advisory Committee as a helpful element. There is the possibility to obtain grants for nozzle/gasket exchange, to purchase equipment that is leased and used on their property plus The University of California could have a grant to pay field workers.

Action: Director Cavanaugh moved to accept Draft Conservation Plan component of Board-Review Draft 2012 Basin Management Plan and approve for inclusion in Public Draft. Seconded by Director Cooley. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Lynn, Persoff, Cooley

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

B. Discuss and provide input on Draft Increased Water Deliveries component Of Board-Review Draft 2012 Basin Management Plan, and approve for inclusion in Public Draft Corrected to Discuss and provide input on Recommended Increased Recycled Water Deliveries Strategy component of Board-Review Draft 2012 Basin Management Plan, and approve for inclusion In Public Draft

The Board directed staff at its November 14, 2012 board meeting to initiate stakeholder meetings with landowners and growers to solicit input on the strategies to increase recycled water deliveries. Staff conducted its outreach effort including contacting over 17 landowners and growers representing vegetable crops, berries and nursery and greenhouses to obtain their input. Eleven of those growers had ranches within the delivered water zone. For landowners and growers within the delivered water zone, concerns were expressed over limitation of their operations for taking nighttime deliveries to increase recycled water use. However, most of the respondents were supportive of a \$50/af lower rate for nighttime delivered water and felt this would encourage greater use. Some mentioned that further educational outreach would be helpful in raising awareness of the benefits of increased recycled water use. A few growers expressed concerns about using delivered water including water quality and inadequate pressure levels.

Following the meetings with landowners and growers, the BMP team developed the potential strategies into the following recommended strategy for the Board's consideration. Central to the recommended strategy are reduced rates for nighttime delivered water. The other elements of the recommended strategy include peer encouragement and lease or producer requirements, which would be efforts led by others that the Agency can encourage. The fourth potential strategy for increasing delivered water could be a mandatory use ordinance (similar to Monterey County), however this is not included in the recommended strategy.

Recommended Strategy to Increase Recycled Water Use

1. Pricing of delivered water. Reduce the rate for nighttime delivered water by approximately \$50/af to reflect reduced nighttime energy costs and encourage nighttime delivered water use. Rate would apply in summer only for specific nighttime hours and for customers with high flows and long sets. The concept of a reduced rate for nighttime deliveries has been discussed with special counsel, who has agreed that this approach can work within the requirements of Proposition 218. Details would be defined in a proposed ordinance to be brought to the Board for consideration in 2013.
2. Peer encouragement. Continue to promote an awareness of the benefits to the community of delivered water at public meetings, grower outreach, and in Agency publications.

3. Lease or producer requirements. Support efforts by landowners and growers to encourage delivered water use through lease and producer requirements.

Action: Director Cavanaugh moved to accept Recommended Increased Recycled Water Deliveries Strategy component of Board Review Draft 2012 Basin Management Plan and approve for inclusion in Public Draft. Seconded by Director Cooley. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Lynn, Persoff, Cooley

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

C. Review and discuss Director comments on Board-Review Draft 2012 Basin Management Plan Update Report

At its August 17, 2012 meeting, the PVWMA Board accepted the Ad Hoc Basin Management Plan(BMP) Committee recommended three pronged approach for bringing the groundwater basin into balance and stopping seawater intrusion: conservation, increased deliveries and new projects.

A Board-Review Draft 2012 Basin Management Plan Update Report was included in the November 14, 2012 Board packet, and discussed by the Board at the meeting. The report summarized the Agency's BMP development process, including description of "the problem," BMP Update goals and objectives, development of alternatives, initial project screening, water supply project and demand management scenarios, and a recommended BMP and implementation plan. After receipt of Board comments, a *Draft 2012 Basin Management Plan Update Report* will be prepared in January 2013. Note that the Board did not approve a Basin Management Plan Update Report at this time. Acceptance of the final 2012 BMP Update will be made at the same time as the adoption of the EIR in December 2013. The community outreach associated with the draft plan will occur in conjunction with the EIR outreach activities.

ACTION No action required

AYES: None

NOES: None

ABSENT: Osmer, Vasquez

ABSTAIN: None

D. Review status update on EIR Schedule and Approach and Consultant Scope of Work and Budget

The CEQA analysis included in the original consultant Scope of Work with ESA Environmental was based on as yet unknown projects and programs which would be selected to solve the basin overdraft and stop seawater intrusion. Now, 21 months into the Basin Management Plan process, the projects recommended for analysis are, by and large, projects that had been analyzed to the "project level" (vs. "programmatic level" for projects needing additional design and detailed analysis to enable a complete environmental review) in the 2002 Basin Management Plan EIR. For that reason, the consultant team is reviewing the appropriate level of CEQA analysis needed to preserve the level of review done in 2002 and meet the new requirements and address changed conditions since the earlier EIRs were adopted. Our analysis of a recommended level of CEQA review moving forward will be brought to the Board for consideration in January 2013.

Staff is also reviewing and updating the consultant scope of work and budget to reflect project selection, work remaining, CEQA analysis refinement, etc., and the updated contract will be brought before the Administrative/Finance Committee in January, and then to the Board for consideration.

ACTION No action required

AYES: None
NOES: None
ABSENT: Osmer, Vasquez
ABSTAIN: None

13. Written Communication/Correspondences: The October 31 and November 2012 Chron was included in the board packet.

11. Future Meetings

- A. Water Quality Project and Operations Committee — December 19, 2012, 4:00pm.
PVWMA Conference Room, 36 Brennan Street, Watsonville
- B. Pajaro River Watershed Integrated Regional Water Management Plan Stakeholder Meeting-Thursday, December 20, 2012, 10:30-12:00noon, PVWMA Conference Room, 36 Brennan Street, Watsonville
- C. Administrative/Finance Committee-Tuesday, January 8, 2013, 12:30-1:30p.m.
PVWMA Conference Room, 36 Brennan Street, Watsonville.
- D. Board of Directors — January 16, 2013, 7:00 p.m., City Council Chambers, 275 Main Street, Fourth Floor, Watsonville, CA.
- E. Water Quality Project and Operations Committee-Wednesday, January 30, 2013, 3:00-4:00 p.m. PVWMA Conference Room, 36 Brennan Street, Watsonville.

****THE AGENCY OFFICE WILL BE CLOSED DECEMBER 24 THROUGH JANUARY 2, 2013****

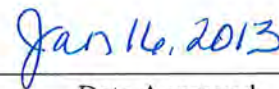
13. Future Agenda Items

- A. Swearing in of Director Salvador Vasquez
- B. Select Standing Committees

Adjourned at 8:24 p.m.to Pajaro Valley Water Management Agency Finance Corporation meeting.



Laura R. Taay, Administrative Analyst



Date Approved