



PAJARO VALLEY WATER MANAGEMENT AGENCY

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**Board of Directors Meeting
June 19, 2013, 7:00 p.m.**

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

BOARD MEETING MINUTES

1. Call to Order at 7:09 p.m. by Chair Imazio.

2. Roll call of the PVWMA Directors:

Board Members Present: Imazio, Cavanaugh, Persoff, Newell, Faurot

Board Members Absent: Lynn, Vasquez

Staff Members Present: Mary Bannister, General Manager (GM)
Laura R. Taay, Administrative Analyst (AA)
Teresa Delfino, Administrative Services Manager (ASM)
Lauren Valk, Substitute Agency Counsel (GC)

3. Pledge of Allegiance

4. Oral Communications: None

5. Director Comments: Director Persoff questioned if agency had heard from either absent Director prior to tonight's meeting? GM responded that she had not. GM also stated that Director Vasquez has conceded that he is not able to fulfill his board duties. A Director's seat is assumed vacant after three consecutive absences. With this being his fourth absence GM will contact Supervisor Calcagno's office to inquire on a new appointee for the vacancy left by Director Vasquez.

6. Counsel Report: None

7. General Manager Report: On Monday, June 17, GM attended, along with Director Persoff, a Zone 7 Flood meeting. There was a representative from Pajaro Dunes and from a number of interested Agriculture people who had concern and to make sure that there would be enough money for the breeching permit of the mouth of the Pajaro River and maintenance of Harkin Slough, Watsonville Slough, College Lake and Salsipuedes Creek. Chuck Allen will be putting a group together to continue to put pressure on the County with respect to those matters. PVWMA had a booth at the Monterey Bay Greenhouse Tours on June 15. Our booth was at Kitayama Brothers Nursery on San Andreas Road and an estimated 1,200 people came through. Kitayama Brothers exemplifies sustainable innovation using different water management techniques including use of the Agency's blended recycle water to a rooftop rainwater collection system that NRCS assisted them in designing. We had a lot of handout material. On August 8 we will be having a bus tour, as requested by Pajaro Valley Association of REALTORS® after which Director Faurot will BBQ out at the recycle facility park. EIR should be completed by August and we will schedule EIR outreach meeting/workshops. Santa Cruz County Fair will be September 10 – 15, 2013 and we will co-sponsor a booth with the Santa Cruz County Conservation Committee.

8. Consent Agenda

- A. Approved May 22, 2013 minutes.
- B. Approved Financial Reports for May 2013.

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

AYES: Imazio, Cavanaugh, Persoff, Newell, Faurot

NOES: None

ABSENT: Lynn, Vasquez

ABSTAIN: None

9. Informational Items

A. Receive a presentation on Basin Management Plan (BMP) and Interim Drought-Response and BMP Conservation Programs

As part of the broader Basin Management Plan Update, a goal of 5,000 acre-feet per year (AFY) of conservation has been identified. This conservation goal will be evaluated against a 5-year baseline water use from 2006 to 2010. The specific approach to realizing and measuring the success of this conservation/irrigation efficiency goal is currently under development. Statisticians from Preservation, Inc., and 2nd Nature, LLC, are developing a tool that will allow the agency to analyze the effects of conservation efforts apart from the influence of weather and other variables. In addition, a more detailed conservation plan, with estimated costs by task, is being developed. The BMP Conservation Program will be implemented and funded after the adoption of the BMP Update EIR and a rate setting effort intended to fund the implementation of the BMP Update. The new rate structure will become effective in fall of 2015, if the effort is successful.

In May the Board approved an allocation of \$75,000 be used for an interim conservation program. This program will be designed to provide immediate action in response to very dry winters the past 2 years. Staff has met with Erin McCarthy of Central Coast Ag Water Quality Coalition, who will oversee the Proposed work, along with the Resource Conservation District of Santa Cruz County and the Natural Resource Conservation District (NRCS) to coordinate work most effectively and to draft a summary of Program components that are being considered for this work. This summary will be refined as we continue to get feedback from partners and growers and determine actual costs. A scope and fee for this work will be brought back in July for Board consideration.

10. Discussion and/or Action Items

A. Consider Adoption of the Final Budget for Fiscal Year 2013-2014

The Preliminary Budget for Fiscal Year 2013-2014 was reviewed by the Administrative Finance Committee on April 9, 2013 and adopted at our April 17, 2013 board meeting. A public hearing on the budget was conducted on May 22, 2013, and no comments were received.

At the May 22 board meeting, an additional \$75,000 was added to the conservation budget in the General Fund category and is included in tonight's Final Budget adoption consideration.

The Administrative/Finance Committee reviewed the proposed Final Budget at its meeting on June 13 and recommended board approval.

Action: Director Cavanaugh moved to approve the Final Budget for Fiscal Year 2013-2014; seconded by Director Persoff. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Newell, Faurot

NOES: None

ABSENT: Lynn, Vasquez

ABSTAIN: None

B. Consider Approval of Resolution 2013-04 Certifying Compliance with State Law with Respect to Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees)

The initial major source of income for the Pajaro Valley Water Management Agency as established in 1984, enabling legislation, has been a Management Fee assessed to each parcel within PVWMA jurisdiction, which for 2013-14 will be at the rate of \$18 per residential parcel and \$20 per commercial parcel. The Agency has three categories of revenue that are collected; 1) Management Fees 2) Augmentation Fees and 3) Delivered Water Fees.

The management fee has been collected on the county tax rolls. These fees are collected each year and total approximately \$360,000 annually. The counties collect this type of charge on behalf of the agency through special levy. To enable this collection, the agency must prepare listings of the parcel charges and submit them by August 1, along with a request to place these billings on the tax rolls. Resolution 2013-04 constitutes this request.

Action: Director Newell moved to approve Resolution 2013-04; seconded by Director Cavanaugh. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Newell, Faurot

NOES: None

ABSENT: Lynn, Vasquez

ABSTAIN: None

C. Consider Approval of Resolution 2013-05 Establishing a Cash Reserve Policy

A Cash Reserve Policy was established with Resolution 2004-12 setting reserve goals for the agency. Bonding agencies prefer to see that you have used prudent policy in having a reserve for emergencies. In 2007 PVWMA with the legal challenge against the augmentation charge, the Board determined it was prudent to establish an additional \$4 million rate stabilization reserve fund. Validity of augmentation charges were denied and during the period 2008 – 2010 made \$11 million dollars in refunds. All reserves were depleted except for reserves that were dictated by covenants of loans and bonds. We were able and fortunate to make all refund payments from reserves and grant revenues for projects and did not have to use any augmentation charges collected after 2010.

Staff again recommended that reserves be established, but be built up gradually as funds become available, while maintaining an adequate level of services related to project operations, Basin Management Plan update and administrative function. In addition, as the Agency moves forward with implementation of the Basin Management Plan, it anticipates issuing bonds to finance a portion of the capital costs. GM and ASM recommend starting small and review each year to build up reserves. Director Cavanaugh does agree that a reserve policy is needed but has question as to how reserve money is identified and if it complies with the Proposition 218 and Proposition rate setting requirements. He requested additional clarification from counsel. GM will obtain clarification from GC on how Proposition 218 and Proposition 26 deal with reserves and bring back to board.

Action: No action at this time – item to be brought back to board

D. Receive Ad Hoc Funding Committee Update and Consider Approval of Committee Members

In May, staff proposed a committee of 13 members with a composition designed to include Pajaro Valley stakeholders that represents a balanced cross-section of the community.

These committee members will either be appointed by their perspective group, or apply for the seat through an application process. On June 7, the committee recommended adding two seats to the slate recommended by staff; an At-Large seat and an Industrial User seat. The final recommended committee make-up is as follows:

PVWMA Board Appointments: PVWMA Board Member ,Dave Cavanaugh (Chair),PVWMA Board Member, Amy Newell, PVWMA Board Member, Paul Faurot

By Application: 1) Water Mutual, 2) Coastal Landowner, 3) Inland Landowner, 4) Coastal Water User, 5) Inland Water User, 6) Rural Residential, 7) Industrial User 8) At-Large.

By Appointment: 1) City of Watsonville, 2) Santa Cruz County Farm Bureau, 3) Monterey County Farm Bureau, 4) Landowner Group.

With the approval of the committee seats by the Board, staff will contact the appointing groups, and advertise the applicant seats according to the following schedule:

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|--|--------------------------|
| 1. Board approval of committee make-up | June 19, 2013 |
| 2. Send appointment letters/announce applicant process | June 20, 21, 2013 |
| 3. Applications due | July 3, 2013 (4:00 p.m.) |
| 4. Committee meeting to make recommendation | July 10, 2013 |
| 5. Board approval of committee recommendations | July 17, 2013 |

Action: Director Persoff approved composition of Ad Hoc Funding Committee; seconded by Director Newell. Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Newell, Faurot

NOES: None

ABSENT: Lynn, Vasquez

ABSTAIN: None

E. Consider Approval of Resolution 2013-06 Agreeing to participate in the Water Bond Coalition

The purpose of the coalition was to achieve an equitable distribution of statewide water bond dollars to projects across the state. Prior water bonds explicitly directed a majority of funds to southern California interests. Some 220 public agencies from 34 counties participated in the coalition and adopted resolutions in support of the coalition’s objectives.

In part due to this effort, subsequent water bonds, Proposition 50 (2002) and Proposition 84 (2006), directed substantial funding toward Integrated Regional Water Management programs and allocated \$52 million to the Central Coast Funding area.

The California legislature developed a new water bond for the 2010 ballot. Concerns regarding the economy and financial restrictions the state was facing caused the bond to be delayed twice and it is now scheduled for the November 2014 General Election ballot.

We, along with our Integrated Regional Water Management Planning partners, San Benito County and Santa Clara Valley Water District, have been in discussions with members of the initial Water Bond Coalition regarding water bond policy and how best to engage in development of new water bond language in the months to come in order to make sure that projects in our region remain eligible for funding from this source. Coalition members recognize the important work to be done to restore Delta ecosystems and make improvements to the State Water Project.

Engaging with the Water Bond Coalition may offer an opportunity to influence development of the 2014 water bond and support language that could protect local interests in this funding program.

**Action: Director Newell moved to Adopt Resolution 2013-06 Agreeing to Participate in the Water Bond Coalition; seconded by Director Cavanaugh
Motion carried by the following voice vote:**

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

F. Consider award of Contract to Sansone Company, Inc., in the amount of \$103,265 for Harkin Slough Facility New Recovery Well #12 Piping and Electrical Project

The investigation of the operations of the Harkins Slough Recharge Basin concluded that the original recovery wells were not ideally located to maximize recovery of percolated water. The findings suggested that new recovery wells constructed across water bearing zones could increase the recovery of stored water. In April 2012 staff solicited bids for the construction of new recovery wells. On May 16, 2012, the Board authorized award of the low-bid contract and three new recovery wells were constructed for approximately \$90,000. The new wells were successfully installed by August 2012.

The second phase of this effort is to connect the new wells to the existing electrical and distribution system. During initial pump tests, Recovery Well 12 (RW-12) performed the best. Staff determined it would be best to connect this well first then work toward connecting the other wells at a later date. A consulting civil engineer was retained to complete plans and specifications for the work.

The work includes the following:

- Install well foundation, submersible pump and motor and wellhead piping at RW-12 and route
- 4 inch discharge piping to nearby well, RW-1, to connect with existing 12 inch distribution header.
- Modify RW-1 piping to allow connection to RW-12 without system shutdown.
- Install power and signal conduits and wiring from RW-12 to MCC-2/RTU-2, and modify MCC-2 and RTU-2 panels as required to operate RW-12 in like manner as existing recovery wells.
- Install empty conduits from RW-12 to RW-11 and from RW-11 to MCC-2/RTU-2 for future use.
- Install Hot Tap on 12 inch IRR header and piping stub-up at RW-11 for future use.

The Bid Opening for the project was held on June 13, 2013. Four bids were submitted and the apparent low bidder was Sansone Company, Inc., from San Luis Obispo, California with a bid of \$103,265. It should be noted that this was the second bid opening. The first occurred in May, 2013 and only 1 bid was received and that bid exceeded staff's estimate of the work (at \$122,100).

**Action: Director Persoff moved to authorize Award of Contract to Sansone Company in the amount of \$103,265 upon their concurrence with the terms and conditions of the contract; and authorize staff to approve change orders in an amount not to exceed 10% (\$10,326) of the contract amount and direct staff to execute the standard construction documents; seconded by Director Cavanaugh.
Motion carried by the following voice vote:**

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

11. Monthly Reports/Presentations

A. Facility Operations Report

1. Receive 2013 Supplemental Water Production Monthly Summary Report received from Chuy Martinez, Sr. Water Systems Operator

2. Receive Harkins Slough Project Update
- B. Board Committee Reports available www.pvwater.org

12. Communication/Correspondence: April 24, 2013 to May 10, 2013

13. Future Meetings

- A. Ad Hoc Funding Committee-Wednesday, July 24, 2013, 1:00 p.m.-3:00 p.m. UC Cooperative Extension, 1432 Freedom Blvd., Watsonville
- B. Administrative / Finance Committee — Tuesday, August 13, 2013, 12:30p.m. –1:30p.m. PVWMA Conference Room, 36 Brennan Street, Watsonville.
- C. Board of Directors — Wednesday, August 21, 2013, 7:00 p.m., City Council Chambers, 275 Main Street, Fourth Floor, Watsonville.

14. Future Agenda Items –

1. Ad Hoc Funding Committee selection on approval of committee members
2. Cash Reserve Policy

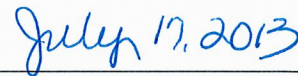
15. Closed Session

- A. Conference with Legal Counsel: Anticipated Litigation. carried over from last meeting. Initiation of litigation pursuant to Cal. Govt. Code § 54956.9 (1 potential case)

Adjourned at 8:21 p.m.



Laura R. Taay, Administrative Analyst



Date Approved