



FINAL BUDGET
FOR
2014-15 FISCAL YEAR
ADOPTED JUNE 18, 2014

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**PAJARO VALLEY WATER MANAGEMENT AGENCY
FINAL BUDGET
2014-2015 FISCAL YEAR**

Introduction

The 2014-2015 Fiscal Year (FY14-15) budget reflects the mission of the Pajaro Valley Water Management Agency (PVWMA). PVWMA is a state-chartered local Agency formed "to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and ensure sufficient water supplies for present and anticipated needs within the boundaries of the Agency. It is anticipated that long-term overdraft problems may not be solved unless supplemental water supplies are provided. PVWMA should, in an efficient and economically feasible manner, utilize supplemental water and available underground storage and should manage the groundwater supplies to meet the future needs of the basin." [California Water Code Appendix, Chapter 24, Section 124-102(f),(g)]. This budget is a projection of PVWMA finances for Fiscal Year 2014-2015. It is based on the many assumptions and projections detailed in this narrative.

PVWMA will complete its major Basin Management Plan (BMP) update effort in spring 2014. The update identifies projects and programs needed to fulfill the Agency's mission of balancing the groundwater basin and managing groundwater resources. Underway also is a new Proposition 218-compliant rate setting effort focused on funding the implementation of the new Basin Management Plan.

Budget Organization

The budget is organized by the following service expense groups:

- General Fund Agency Administration
- Special Fund General Administration
- Facility Operations
- Basin Management Planning
- Capital Projects
- Debt Service Funds

A summary of each group's activities, major budget assumptions and service highlights by service is presented with the detailed budget for each group. A list of staff positions, salaries, benefits and time commitment by service is also included.

Revenues and Sources of Funds

The Agency is funded through:

1. Management Fees collected on the tax rolls,
2. Augmentation Charges collected on groundwater pumped from the basin, and
3. Delivered Water Charges for supplemental water delivered in the coastal zone through the Coastal Distribution System (CDS).

Management Fees are collected on the county tax rolls with residential parcel fees of \$18 per year and commercial parcels \$20 per year. Management Fee revenues are placed in the General Fund category. This budget includes projected revenues of \$383,206 in Management Fees.

Augmentation Charges are collected from groundwater pumpers. The Augmentation Charges vary

by location – groundwater pumpers in the CDS area pay more than those in the inland region of the Valley, as shown in Table 1. Rates are subject to an annual increase based on the San Francisco Bay Area Consumer Price Index (CPI). Augmentation Fees are placed in the Special Revenue Fund category. This budget includes projected revenues of \$9.5 million in Augmentation Fees based on 51,700 acre-feet of groundwater pumped.

Delivered Water Charges are collected from water users receiving delivered water from the PVWMA CDS. This supplemental supply is comprised of recycled water from the City of Watsonville Recycled Water Facility, Harkins Slough Project water, and blend water from wells operated by the agency and potable supply from the City of Watsonville. The Delivered Water Charge is currently a flat rate of \$338 per acre-foot. Delivered Water Charges are placed in the in the Special Revenue Fund category. The budget includes projected revenues of \$1.62 million in Delivered Water Charges based on 4,800 acre-feet of delivered water.

Current rates are shown below (Effective July 1, 2014):

TABLE 1 – WATER RATES

User Class	Cost of Service Rate (Unit Cost Per Acre Foot)
Augmentation Charges:	
Metered Users - Outside Delivered Water Zone	\$179
Metered Users - Inside Delivered Water Zone	\$215
	\$172
Unmetered Users (Rural Residential)	(or \$102 annually per residence)
Delivered Water Charge	\$338

When the opportunity exists, PVWMA seeks State and Federal grant funding to support the planning and implementation of basin monitoring, modeling and water supply programs and projects. If successful, these grant funds reimburse eligible PVWMA expenses incurred during the planning and implementation of those funded projects and programs. These reimbursements are placed in the fund category from which they were originally spent. The budget includes projected grant reimbursement revenues of \$900,000 representing grant funding for tank storage at the Recycled Water Facility.

Summary by Service July, 2014 to June 30, 2015												
	General Funds (10)	Special Revenue Funds (20)					Capital Projects Fund (30)	Debt Service Funds (40)	FY 14-15 Proposed Budget	FY 13-14 Amended Budget	\$ Diff	% Diff
Revenues and Sources of Funds												
Management Fees	\$ 383,206							383,206	383,206	\$ -	0.0%	
Delivered Water (4,800 A/F)								1,622,400	1,480,500	\$ 141,900	9.6%	
Augmentation Charges (51,700 A/F)								9,495,500	9,093,869	\$ 401,631	4.4%	
Grant Revenue								900,000	181,000	\$ 719,000	397.2%	
Interest								20,000	20,000	\$ -	0.0%	
Other Revenue								57,000	69,000	\$ (12,000)	-17.4%	
Total Revenue	\$ 383,206						\$ -	\$ -	\$ 12,478,106	\$ 11,227,575	\$ 1,250,531	11.1%
	General Fund Agency Admin	Facility Operations	Basin Mgmt Planning	Special Revenue Fund General Admin	Grant Admin	Special Revenue Fund Public Education & Outreach	Capital Projects	Debt Service	FY 14-15 Proposed Budget	FY 13-14 Amended Budget	\$ Diff	% Diff
Expenditures												
Salaries and Wages	23,278	666,727	361,907	588,989	25,786		-		1,666,686	1,523,798	142,888	9.4%
Conferences/Training	7,500	6,000	8,000	4,000	-		-		25,500	23,500	2,000	8.5%
Travel - Mileage - Meals - Lodging	11,000	500	13,000	7,500	2,000		-		34,000	32,000	2,000	6.3%
Bank Charges/Bond Fees	-	36,000	-	2,500	-		-		38,500	38,500	-	0.0%
Insurance	4,400	26,000	-	3,100	-		-		33,500	33,500	-	0.0%
Taxes	-	300	-	19,700	-		-		20,000	20,000	-	0.0%
Legal Notices & Ads	750	-	11,000	1,000	-		-		12,750	12,750	-	0.0%
Dues & Subscription	22,850	17,900	1,000	2,000	-		-		43,750	42,850	900	2.1%
Office Expense	4,000	7,000	-	9,500	1,000		-		21,500	21,500	-	0.0%
Postage	2,000	7,000	-	2,000	500		-		11,500	9,500	2,000	21.1%
Printing	2,000	1,000	1,000	500	-	8,000	-		12,500	10,000	2,500	25.0%
City Connection Water Charges	-	300,000	-	-	-		-		300,000	322,000	(22,000)	-6.8%
Utilities	2,000	213,000	-	8,200	-		-		223,200	147,200	76,000	51.6%
Telephone/Communications	2,200	12,000	-	3,500	-		-		17,700	17,700	-	0.0%
Office Equipment Leases	2,500	6,000	-	7,300	-		-		15,800	15,800	-	0.0%
Well Leases	-	18,889	-	-	-		-		18,889	18,889	-	0.0%
Field Supplies	-	14,000	15,000	-	-		-		29,000	38,500	(9,500)	-24.7%
Elections	5,000	-	-	-	-		-		5,000	1,000	4,000	0.0%
LAFCO District Fees	8,000	-	-	-	-		-		8,000	8,000	-	0.0%
Collection Fee/Bad Debt	3,500	-	-	95,276	-		-		98,776	98,776	-	0.0%
Professional Services	58,600	49,500	635,000	75,000	100,000	6,500	350,000		1,274,600	1,298,400	(23,800)	-1.8%
Vehicle Purchase	-	20,300	17,700	-	-		-		38,000	30,000	8,000	0.0%
Vehicle Maintenance	-	16,000	4,000	-	-		-		20,000	20,000	-	0.0%
Meters	-	20,000	-	-	-		-		20,000	20,000	-	0.0%
Meter Contractor	-	10,000	-	-	-		-		10,000	10,000	-	0.0%
Water Sampling	-	58,000	50,000	-	-		-		108,000	108,000	-	0.0%
Other Fixed Assets	-	-	-	-	-		-		-	-	-	0.0%
Legal Services	45,000	-	25,000	75,000	500		-		145,500	195,500	(50,000)	-25.6%
Facilities Maintenance	33,000	8,000	-	3,500	-		-		44,500	44,500	-	0.0%
Information Technology	2,300	44,000	20,000	7,700	-		-		74,000	101,000	(27,000)	-26.7%
Licensed Contractors	-	53,000	-	-	-		720,000		773,000	254,000	519,000	204.3%
COW Reimb O&M	-	2,010,000	-	-	-		-		2,010,000	2,010,000	-	0.0%
Conservation	120,000	-	-	-	-		-		120,000	200,000	(80,000)	-40.0%
Financing and Debt Service	-	-	-	-	-		-		-	-	-	0.0%
Settlement legal fees	-	-	-	-	-		-		-	-	-	0.0%
Allowance for Uncollectibles	-	-	-	-	-		-		-	-	-	0.0%

	General Funds (10)	Special Revenue Funds (20)					Capital Projects Fund (30)	Debt Service Funds (40)	FY 14-15 Proposed Budget	FY 13-14 Amended Budget	\$ Diff	% Diff
Extraordinary Loss	-	-	-	-	-	-	-	-	-	-	-	0.0%
Loan Payment-HS							763,561	763,561	763,561	-	-	0.0%
Loan Payment-AP							414,486	414,486	414,486	-	-	0.0%
Loan Payment-CDS, Prop 13							251,415	251,415	222,098	29,317	13.2%	
Bond Payment Principal							605,000	605,000	570,000	35,000	6.1%	
Bond Payment Interest							774,738	774,738	805,375	(30,637)	-3.8%	
City of Watsonville Principal								-	-	-	-	0.0%
City of Watsonville Interest							1,430,784	1,430,784	1,461,392	(30,608)	-2.1%	
Total Expenditures	\$ 359,878	\$ 3,621,116	\$ 1,162,607	\$ 916,265	\$ 129,786	\$ 14,500	\$ 1,070,000	\$ 4,239,984	\$ 11,514,135	\$ 10,964,075	\$ 550,060	5.0%
Total Revenue									12,478,106	11,227,575	\$ 1,250,531	11.1%
Excess of Revenues or (Deficit)									963,971	263,500	\$ 700,471	
BOND COVENANT TEST												
										Bond Principal	605,000	
										Bond Interest	774,738	
										Annual Payment	1,379,738	
										@ 125%	1,724,673	
										Water Service Revenue	11,117,900	
										Water Service O&M	7,274,151	
										Net Revenue	3,843,749	
										Over Debt Covenant	2,119,076	

BUDGETED SALARY EXPENDITURES FISCAL 14-15

Position	Total Salary & Benefits	General Funds 10		Special Revenue Funds 20			
		OVERALL ALLOCATION					
		Agency Administration		Facility Ops and Spec Rev Admin		Basin Management	
	Includes 10% Allowance	Total		Total		Total	
		%	\$	%	\$	%	\$
Agency Administration							
1 General Manager	217,938	2%	4,359	26%	56,664	72%	156,915
2 Administrative Services Manager	151,928	2%	3,039	98%	148,890		
3 Financial Analyst	139,149	2%	2,783	98%	136,366		
4 Administrative Analyst	118,347	2%	2,367	98%	115,980		
5 Customer Service Rep	112,745			100%	112,745		
6 Account Clerk	80,612	2%	1,612	98%	79,000		
Operations							
1 Water Meter Program Coordinator	129,528			100%	129,528		
2 Sr. Water Systems Operator	167,263			100%	167,263		
3 Water Systems Operator	142,161			100%	142,161		
4 Sr. Water Resource Hydrologist	172,243			15%	25,836	85%	146,407
5 Operations-Maintenance Technician	126,357			100%	126,357		
6 Water Resources Technician	99,297			41%	40,712	59%	58,585
Total Staff Salaries/Benefits	1,657,568		14,159		1,281,502		361,907
Board Members	9,118		9,118				
Total Salaries & Benefits	1,666,686		23,278		1,281,502		361,907

General Fund Agency Administration Service Expense Group Summary

The Agency Administration Service Expense Group includes activities related to the administration of the agency and are paid from the General Revenue Fund. All Board expenses and conservation-related expenses, as well as LAFCO and ACWA membership charges are recovered entirely from the General Fund. Allocation of Agency Administration costs that are not directly attributable to general services are made on a ratio of the general cost paid for through the General Fund as compared to the total Agency costs. The three specific categories included within the Agency Administration Service are summarized below:

Office Administration

Major functions included in this category are audit and accounting services, legal services, and LAFCO and ACWA memberships.

Board Support

Functions included in this category are Board and committees support, agenda preparation, publication and distribution, packet preparation, elections and board-related legal services.

Education & Outreach

Functions included in this category are conservation efforts, participation in local educational fairs and events, and website updates and maintenance.

Agency Administration Budget				
July 1, 2014 to June 30, 2015				
	Service			Total
	Office Administration	Board Support	Public Education & Outreach	
Expenses				
Salaries and Wages	9,053	13,353	872	23,278
Conferences-Seminars-Meetings-Training	5,500	2,000		7,500
Travel - Mileage - Meals - Lodging	3,000	5,000	3,000	11,000
Bank Charges/Bond Fees				-
Insurance	4,400			4,400
Taxes				-
Legal Notices & Ads	750			750
Dues & Subscription	22,150		700	22,850
Office Supplies	4,000			4,000
Postage	2,000			2,000
Printing	2,000			2,000
Utilities	2,000			2,000
Telephone/Communications	2,200			2,200
Office Equipment	2,500			2,500
Elections		5,000		5,000
Legal Services	35,000	10,000		45,000
Professional Services	53,600		5,000	58,600
LAFCO District Fees	8,000			8,000
Collection Fee	3,500			3,500
Conservation			120,000	120,000
Building Maintenance	33,000			33,000
Information Technology	2,300			2,300
Total Expenses	\$ 194,953	\$ 35,353	\$ 129,572	\$ 359,878

BUDGETED SALARY EXPENDITURES FISCAL 14-15

General Funds - 10

Position	Total Salary & Benefits
	Includes 10% Allowance
Agency Administration	
1 General Manager	217,938
2 Administrative Services Manager	151,928
3 Financial Analyst	139,149
3 Administrative Analyst	118,347
4 Customer Service Rep	112,745
5 Account Clerk	80,612
Operations	
1 Water Meter Program Coordinator	129,528
2 Sr. Water Systems Operator	167,263
3 Water Systems Operator	142,161
4 Sr. Water Resource Hydrologist	172,243
5 Operations-Maintenance Technician	126,357
6 Water Resources Technician	99,297
Total Staff Salaries/Benefits	1,657,568
Board Members	9,118
Total Salaries & Benefits	1,666,686

Agency Administration									
Office Admin		Board Support		Public Education & Outreach		Total			
%	\$	%	\$	%	\$	%	\$		
10%	436	70%	3,051	20%	872	100%	4,359		
100%	3,039	0%				100%	3,039		
100%	2,783	0%				100%	2,783		
50%	1,183	50%	1,183			100%	2,367		
0%	-			0%	-	0%	-		
100%	1,612					100%	1,612		
						9,053	4,235	872	14,159
								9,118	9,118
						9,053	13,353	872	23,278

Special Fund General Administration

Special Fund General Administration

The Special Fund General Administration category holds expenses that are general in nature and could not be reasonably allocated to the other Special Revenue Fund service categories.

Grant Administration

Functions included in this category are grant applications, grant and contract management, and associated intergovernmental relations. The professional services costs of \$100,000 in this category are largely grant reimbursable.

- Includes continued consultant services for the administration and reimbursement of Proposition 50 grant.
- Includes applying for grants and supporting project activities.

Education & Outreach

Functions included in this category are annual reports and newsletters.

Special Fund General Administration				
July 1, 2014 to June 30, 2015				
Special Revenue Funds (20)				
Service				
	Special Fund General Administration	Grant Admin	Public Education & Outreach	Total
Expenditures				
Salaries and Wages	588,989	25,786		614,775
Conferences/Training	4,000			4,000
Travel - Mileage - Meals - Lodging	7,500	2,000		9,500
Bank Charges/Bond Fees	2,500			2,500
Insurance	3,100			3,100
Taxes	19,700			19,700
Legal Notices & Ads	1,000			1,000
Dues & Subscription	2,000			2,000
Office Expense	9,500	1,000		10,500
Postage	2,000	500		2,500
Printing	500		8,000	8,500
Utilities	8,200			8,200
Telephone/Communications	3,500			3,500
Office Equipment	7,300			7,300
Legal Services	75,000	500		75,500
Professional Services	75,000	100,000	6,500	181,500
Bad Debt	95,276			95,276
Collection Fee				-
Building Maintenance	3,500			3,500
Office Equipment				-
Furniture & Equipment				-
Information Technology	7,700			7,700
Vehicle Purchase				-
Vehicle Maintenance				-
Other Fixed Assets				-
Refunds/Settlement				-
Allowance for Uncollectible Accounts				-
Extraordinary Loss				-
Total Expenditures	\$ 916,265	\$ 129,786	\$ 14,500	\$ 1,060,551

BUDGETED SALARY EXPENDITURES FISCAL 14-15

Special Revenue Funds - 20

Position	Total Salary & Benefits
	Includes 10% Allowance
Agency Administration	
1 General Manager	217,938
2 Administrative Services Manager	151,928
3 Financial Analyst	139,149
4 Administrative Analyst	118,347
5 Customer Service Rep	112,745
6 Account Clerk	80,612
Operations	
1 Water Meter Program Coordinator	129,528
2 Sr. Water Systems Operator	167,263
3 Water Systems Operator	142,161
4 Sr. Water Resource Hydrologist	172,243
5 Operations-Maintenance Technician	126,357
6 Water Resources Technician	99,297
Total Salaries/Benefits	1,657,568

Gen Admin Special Funds		Grant Administration		Total	
%	\$	%	\$	%	\$
5%	10,897	5%	10,897	10%	21,794
90%	134,001	10%	14,889	100%	148,890
100%	136,366	0%		100%	136,366
100%	115,980	0%		100%	115,980
100%	112,745	0%		100%	112,745
100%	79,000			100%	79,000
588,989		25,786		614,775	

Facility Operations Service Expense Group Summary

The Facility Operations Service Expense Group includes all activities associated with the operation and maintenance of the Agency's water supply facilities. Four current staff positions are required (with overtime) to operate the facilities and read and maintain meters. These are the Senior Water System Operator, Water System Operator, Meter Department Coordinator, and Operations and Maintenance Technician. In addition, a Water Resources Technician splits time between basin monitoring of ground and surface water, and monitoring related to system operations.

The five specific categories included within the Facility Operations Service are summarized below, along with major budget assumptions for the year:

Harkins Slough Facility

Facilities are the surface water diversion on Harkins Slough, treatment and conveyance systems, the recharge basin off Dairy Road and extraction wells surrounding the recharge basin. Major operational costs include water quality sampling, utility costs, and maintenance and professional services for recharge basin, operational software and hardware [Supervisory Control and Data Acquisition (SCADA)], and electrical maintenance.

Coastal Distribution System (CDS)

Facilities are the 20 miles of distribution pipeline, located in the coastal area from Dairy Road at San Andreas Road to the north to Elkhorn Slough to the south. Delivery of a total of 4,800 acre feet (3,350 acre feet of recycled water blended with potable supply from the City and groundwater from supplemental and recovery wells) of agricultural supply through the existing 20 miles of Coastal Distribution System (CDS) is projected this fiscal year. Major operational costs include utility costs, maintenance and professional services for SCADA (computer-based operations software), lease expenses, water quality sampling, and electrical, meter and pipeline maintenance.

Supplemental Water (In-Basin)

Supplemental Water Facilities are Blend Well 1 and 2 and the City of Watsonville potable supply that is blended into the recycled supply at the Recycled Water Facility. Major operational costs include utilities, leases (Blend Well 1 is leased) SCADA, electrical, and pump maintenance, and staff time.

Recycled Water Facility

The Recycled Water Facility, operated by the City of Watsonville, produces up to 4,000 acre feet per year of tertiary-treated, disinfected supply for distribution through the CDS. Expenses shown under this category are Operations and Maintenance (O&M) costs paid to the City of Watsonville for water produced at the plant plus fees and staff time. This year's budget includes \$2,010,000 in O&M costs to the City for an anticipated 3,350 acre feet of recycled water production (at full production, 4,000 acre feet will be produced). The recycled water will be blended with 1,450 acre feet of in-basin blend water.

Metering Program

Program consists of maintaining and reading nearly 900 well meters basin-wide quarterly. The metered usage is used for billing and to provide regional water usage data. About 40 active turnout meters are read on the CDS on a monthly basis. This year's budget includes \$10,000 for meter contractor services.

Facility Operations Budget
July 1, 2014 to June 30, 2015

	Service					
	Harkins Slough Facility	Coastal Distribution System	Supplemental Water (In-Basin)	Recycled Water Facility	Metering Program	Total
Expenditures						
Salaries and Wages	87,185	312,008	38,619	20,253	208,662	666,727
Conferences-Seminars-Mtgs-Training		6,000				6,000
Travel		500				500
Bank Charges/Bond Fees	12,000	8,000	8,000		8,000	36,000
Taxes	300					300
Insurance	6,500	6,500	6,500		6,500	26,000
Dues & Subscription	3,000	500	500	13,400	500	17,900
Office Supplies	1,500	2,500	1,500		1,500	7,000
Postage	1,750	1,750	1,750		1,750	7,000
Printing	250	250	250		250	1,000
Utilities	75,000	138,000				213,000
Telephone/Communications	3,000	3,000	3,000		3,000	12,000
Office Equipment	1,500	1,500	1,500		1,500	6,000
Well Leases			18,889			18,889
Field Supplies	2,000	10,000	0		2,000	14,000
Professional Services	0	48,500	1,000	0	0	49,500
Meter Contractor					10,000	10,000
Building Maintenance	2,000	2,000	2,000		2,000	8,000
Information Technology	14,000	10,000	10,000	0	10,000	44,000
Facility Maintenance						-
Licensed Contractors	20,000	30,000	3,000			53,000
Vehicle Purchase	4,000	6,300	4,000		6,000	20,300
Vehicle Maintenance	4,000	4,000	4,000		4,000	16,000
Meters					20,000	20,000
City Connection Water Charges		300,000				300,000
Water Sampling	8,000	50,000				58,000
COW Reimb RWF O&M				2,010,000		2,010,000
Other Fixed Assets						-
Total Expenditures	\$ 245,985	\$ 941,308	\$ 104,508	\$ 2,043,653	\$ 285,662	\$ 3,621,116

BUDGETED SALARY EXPENDITURES FISCAL 14-15

Special Revenue Funds -20

Position	Total Salary & Benefits
	Includes 10% Allowance
Agency Administration	
1 General Manager	217,938
2 Administrative Services Manager	151,928
3 Financial Analyst	139,149
4 Administrative Analyst	118,347
5 Customer Service Rep	112,745
6 Account Clerk	80,612
Operations	
1 Water Meter Program Coordinator	129,528
2 Sr. Water Systems Operator	167,263
3 Water Systems Operator	142,161
4 Sr. Water Resource Hydrologist	172,243
5 Operations-Maintenance Technician	126,357
6 Water Resources Technician	99,297
Total Salaries & Benefits	1,657,568

Facility Operations											
Harkins Slough		Coastal Distribution System		Supplemental Water (In-Basin)		Recycled Water Facility		Metering Program		Total	
%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
0		8%	17,435	0		5%	10,897	3%	6,538	16%	34,870
4%	5,181	18%	23,315	3%	3,886	-	-	75%	97,146	100%	129,528
14%	23,417	68%	113,739	10%	16,726	5%	8,363	3%	5,018	100%	167,263
15%	21,324	65%	92,405	10%	14,216	-	-	10%	14,216	100%	142,161
10%	17,224	5%	8,612	0%	-	-	-	-	-	15%	25,836
8%	10,109	29%	36,644	3%	3,791	-	-	60%	75,814	100%	126,357
10%	9,930	20%	19,859	-	-	1%	993	10%	9,930	41%	40,712
87,185		312,008		38,619		20,253		208,662		666,727	

Basin Management Planning Service Expense Group Summary

The Basin Management Planning Service Expense Group includes all activities associated with groundwater modeling, water quality monitoring, water resources planning, and management of the groundwater basin. The six specific categories included within the Basin Management Planning Service are summarized below:

Basin Modeling

The Pajaro Valley Hydrologic Model (PVHM) was developed through a cooperative effort between the United States Geologic Survey (USGS) and the PVWMA. At present, the PVHM is the primary tool used to simulate water supply project scenarios in support of the Basin Management Plan update. Professional services with the USGS are budgeted to provide continuing assistance with, and the refinement of the PVHM.

Basin Monitoring

Monitoring the state of the Pajaro Valley Basin is key to the mission of the Agency. Groundwater, surface water, and water supply projects are carefully and regularly monitored. The data collected reflect, both spatially and temporally, water quality, water levels in the aquifers, and in some cases, soil quality. Staff is responsible for ensuring that the Agency complies with its numerous environmental permits (Water Rights Permit, NPDES Permit, etc.); monitoring groundwater levels and quality within the basin, monitoring surface water quality; overseeing the water quality aspects of the Harkins Slough Project; collecting soil samples; writing annual reports; and reviewing new well permit applications. The hydrology staff is also responsible for documenting current and future coastal ground water conditions to meet the requirements of over \$40 million in water resources construction grants that the agency has received.

Activities include:

- Groundwater Monitoring involving semi-annual water level and quality monitoring of over 100 wells, and water level monitoring of over 30 wells, on a monthly basis.
- Annual seawater intrusion monitoring of wells located in and near the intruded zone.
- Regular source water sampling.
- Surface water quality monitoring of approximately 30 sites in cooperation with the RWQCB.
- Additional monitoring within the Delivered Water Zone to comply with the Master Reclamation Permit requirements for delivery of recycled water, a potential project at College Lake and conservation.

In-Basin Management Planning

The Basin Management Plan Update and supporting Environmental Impact Report were completed in spring of 2014. \$100,000 is budgeted for additional legal and professional services following up on BMP adoption such as initiation of water rights permitting, address outstanding issues and legal support and analysis.

Regional Water Management Planning

The PVWMA, in partnership with San Benito County Water District (SBCWD) and Santa Clara Valley Water District (SCVWD), are preparing an update to the Pajaro River Watershed Integrated Regional Water Management Plan (IRWM Plan). The IRWM Plan update is funded, in large part, from a Department of Water Resources Grant that is contracted through SBCWD.

PVWMA, with consultant support, is developing a Salt and Nutrient Management Plan (Plan). Development of the Plan is described in the State Water Boards Recycled Water Policy, and is required for all recognized basins in the Water Plan. The work to develop the Pajaro Valley's Salt and Nutrient Management Plan was started in FY12-13 and FY13-14. The Plan is supported, in part, by an Integrated Regional Water Management Plan grant. The Plan work has been delayed

pending input from the state on required components. It is anticipated that the Plan will be completed in FY14-15; \$120,000 in professional services are budgeted for professional services needed for Plan completion.

Out-of-Basin Funding Pursuits

Service includes continued pursuit of federal Bureau of Reclamation Title XVI grant reimbursements as well as participation in Central Coast Funding coordination related to the distribution of Proposition 84 funds to the Central Coast and other State and Federal Drought Emergency funds. The \$125,000 budget includes \$86,700 in professional services for the continued federal lobbying for Title XVI funding.

In-Basin Funding Process

This service category captures the expenses related to utility rate setting to fund the Agency. PVWMA is moving forward with a Proposition 218-compliant rate setting effort to fund the projects and programs recommended in the 2012 BMP Update. The budget includes staff time and resources for the Ad Hoc BMP Finance Committee and contracting and management of consultants and legal support for the process. \$150,000 is budgeted for professional services for a consultant to assist with the effort and to complete a Service Charge Report.

Basin Management Planning Budget

July 1, 2014 to June 30, 2015

	Service						Total
	Basin Modeling	Basin Monitoring	In-Basin Management Plan	Regional Water Management Plan	Out-of-Basin Funding	In-Basin Funding (Rate Setting)	
Expenditures							
Salaries and Wages	53,096	87,850	30,406	62,499	7,804	120,253	361,907
Conferences-Seminars-Mtgs-Training	4,000	4,000					8,000
Travel - Mileage - Meals - Lodging	3,000	3,000		1,000	4,000	2,000	13,000
Legal Notices & Ads			10,000	1,000			11,000
Dues & Subscription	-	1,000					1,000
Postage							-
Printing				1,000			1,000
Field Supplies		15,000					15,000
Elections							-
Legal Services						25,000	25,000
Professional Services	75,000	40,000	100,000	120,000	125,000	175,000	635,000
Information Technology	10,000	10,000					20,000
Vehicle Purchase		17,700					17,700
Vehicle Maintenance		4,000					4,000
Water Sampling		50,000					50,000
Other Fixed Assets							-
Special Item							-
Total Expenditures	\$ 145,096	\$ 232,550	\$ 140,406	\$ 185,499	\$ 136,804	\$ 322,253	\$1,162,607

BUDGETED SALARY EXPENDITURES FISCAL 14-15

Special Revenue Funds -20

Position	Total Sal/Ben	Basin Management													
		Basin Modeling		Basin Monitoring		In-Basin Management Plan		Regional Water Management Plan		Out of Basin Funding		In-Basin Funding (Rate Setting)		Total	
		%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Agency Administration															
1 General Manager	217,938	4%	8,718	4%	8,718	10%	21,794	15%	32,691	2%	4,359	37%	80,637	72%	156,915
2 Administrative Services Manager	151,928														-
3 Financial Analyst	139,149														-
4 Administrative Analyst	118,347														-
5 Customer Service Rep	112,745														-
6 Account Clerk	80,612														-
Operations															
1 Water Meter Program Coordinator	129,528		-		-										-
2 Sr. Water Systems Operator	167,263		-		-										-
3 Water Systems Operator	142,161		-		-										-
4 Sr. Water Resource Hydrologist	172,243	20%	34,449	20%	34,449	5%	8,612	15%	25,836	2%	3,445	23%	39,616	85%	146,407
5 Operations-Maintenance Technician	126,357		-		-										-
6 Water Resources Technician	99,297	10%	9,930	45%	44,684		-	4%	3,972		0			59%	58,585
Total Salaries & Benefits	1,657,568		53,096		87,850		30,406		62,499		7,804		120,253		361,907

Capital Projects Service Expense Group Summary

In anticipation of grants and low-interest rate loans under state and federal drought response programs, design work was initiated in spring of 2014 on new tankage at the Recycled Water Facility. Additional tanks will provide storage of recycled water during off-peak hours resulting in increased recycled water production and delivery. In FY14-15 \$640,000 is budgeted for continuation of this work. The Agency was awarded a \$900,000 Proposition 84 grant in February 2014 that will support this project.

Also included under Capital Project expenditures is \$250,000 for Basin Monitoring Network Improvements. Monitoring of the basin allows staff to track changes in groundwater storage (i.e. overdraft conditions) and changes to groundwater quality (i.e. seawater intrusion), over long time periods. Additional Agency owned monitoring wells, strategically placed throughout the basin, will further help to establish baseline conditions within the aquifer system. A statistically rigorous, legally defensible monitoring network is crucial to quantifying the effectiveness of future BMP projects and programs. In addition, \$20,000 is budgeted to plumb one additional well into the Harkins Slough system, and \$160,000 to begin work on plumbing Blend Well 1 and 2 into the CDS at a location that improves delivered water quality system-wide.

Capital Projects					
July 1, 2014 to June 30, 2015					
	Harkins Slough Production Wells	Basin Monitoring Network Improvements	Blend Well 1 & 2 Distribution Enhancements	Storage Tanks at RWF	Total
Expenditures					
Salaries and Wages					-
Conferences/Training					-
Travel - Mileage - Meals - Lodging					-
Bank Charges/Bond Fees					-
Insurance					-
Taxes					-
Legal Notices & Ads					-
Dues & Subscription					-
Office Expense					-
Postage					-
Printing					-
City Connection Water Charges					-
Utilities					-
Telephone/Communications					-
Office Equipment Leases					-
Field Supplies					-
Elections					-
LAFCO District Fees					-
Collection Fee/Bad Debt					-
Professional Services		50,000	60,000	240,000	350,000
Vehicle Purchase					-
Vehicle Maintenance					-
Meters					-
Meter Contractor					-
Water Sampling					-
Other Fixed Assets					-
Legal Services					-
Building Maintenance					-
Information Technology					-
Facility Maint.					-
Licensed Contractors	20,000	200,000	100,000	400,000	720,000
COW Reimb O&M					-
Conservation					-
Total Expenditures	\$ 20,000	\$ 250,000	\$ 160,000	\$ 640,000	\$ 1,070,000

Debt Service Payments Service Expense Group Summary

The Debt Service Expense Group includes all costs associated with payment of long term balances as summarized below.

Bond Payable -1999 Certificate of Participation

Certificates of Participation, Series 1999A were issued in the amount of \$19,725,000 on October 20, 1999 primarily to construct facilities on Harkins Slough and the Coastal Distribution System. Principal payments are due in twenty-nine annual installments through March 1, 2029, with interest due semi-annually at interest rates ranging from 3.5% to 5.75%. Total annual payment due is \$1.38 million.

Note payable #1 - State Water Resources Control Board (SWRCB)

The Agency entered into a promissory note on December 24, 1999 with the SWRCB in the amount of \$11,650,000. Loan proceeds were used for the Harkins Slough project. The note is payable in twenty annual installments of \$763,561 with interest at 2.7%. The final payment is due December 17, 2022.

Note payable #2 - State Water Resources Control Board (SWRCB)

The Agency entered into a promissory note on November 21, 2003 with the SWRCB in the amount of \$6,214,989. Loan proceeds were used for the accelerated pipeline and supplemental wells project. The note is payable in twenty annual installments of \$414,486 with interest at 2.7% ending November 21, 2023.

Note payable # 3 - Department of Water Resources (DWR)

The Agency entered into a promissory note on June 15, 2005 with the DWR in the amount of \$3,511,446. The loan proceeds were used for the construction of components of the revised basin management plan. Principal and interest in the amount of \$251,415, with interest at 2.4% and, final payment on September 30, 2027.

Other liabilities - City of Watsonville

The Agency is responsible for repayment to the City of Watsonville for costs associated with the design and construction of the Recycled Water Facility. Payment of \$1,430,784 in debt service to the City of Watsonville in FY14-15 is included in this budget.

Debt Service		
July 1, 2014 to June 30, 2015		
	Service	Total
	Debt Service	
<u>Expenditures</u>		
Loan Payment-HS	763,561	763,561
Loan Payment-AP	414,486	414,486
Loan Payment-CDS, Prop 13	251,415	251,415
Bond Payment Principal	605,000	605,000
Bond Payment Interest	774,738	774,738
City of Watsonville Principal		-
City of Watsonville Interst	1,430,784	1,430,784
Total Expenditures	\$ 4,239,984	\$ 4,239,984