• To Protect Our Groundwater
• To Prevent Seawater Intrusion
• Now & For Our Future

Pajaro Valley
Water Management Agency

Preliminary Budget
Fiscal Year 2021-2022

TABLE OF CONTENTS

INTRODUCTION **1-3**

BUDGET SUMMARY BY SERVICE **4-6**

AGENCY ADMINISTRATION BUDGET **7-9**

SPECIAL FUND GENERAL ADMINISTRATION BUDGET **10-12**

FACILITY OPERATIONS BUDGET **13-15**

BASIN MANAGEMENT BUDGET **16-19**

CAPITAL PROJECTS BUDGET **20-23**

DEBT SERVICE **24-25**

Cover Photo:
Coastal Distribution System, F-Pipeline Expansion Project
Shinehah Bigham, Water System Operator

PAJARO VALLEY WATER MANAGEMENT AGENCY
PROPOSED PRELIMINARY BUDGET
FISCAL YEAR 2021-2022

Introduction

Long-term groundwater overdraft has led to serious problems that threaten the vibrant economy of the Pajaro Valley. Seawater intrusion in the Pajaro Valley Groundwater Basin was first documented in 1953. In the coastal areas and throughout much of the Pajaro Valley Groundwater Basin (PVGB or Basin), long-term overdraft conditions have resulted in groundwater levels to drop below sea level seasonally, creating a landward pressure gradient that causes seawater to flow in to, and contaminate, freshwater aquifers. Seawater intrusion has elevated the concentration of chloride and other salts in groundwater up to three miles inland from the coast, in some areas contaminating the groundwater to the point that it is unsuitable for use without treatment.

The Pajaro Valley Water Management Agency (PV Water or Agency) is a state-chartered water management district, formed in 1984, to manage groundwater resources and supplemental water supplies within the Pajaro Valley. In 2014, the Sustainable Groundwater Management Act (SGMA) became law, establishing a new legal structure in California that provides local agencies the means to manage groundwater basins in a manner that is sustainable. Water Code section 10723(c)(1)(L) establishes PV Water as the exclusive local agency within its statutory boundaries to comply with the requirements of SGMA. In 2015 the Board of Directors directed staff to file a notice of election to become the Groundwater Sustainability Agency (GSA) for the Pajaro Valley Groundwater Basin.

SGMA defines sustainable groundwater management as the "management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results." SGMA defines undesirable results as any of the following:

- Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply
- Significant and unreasonable reduction of groundwater storage
- Significant and unreasonable seawater intrusion
- Significant and unreasonable degraded water quality
- Significant and unreasonable land subsidence
- Surface water depletions that have significant and unreasonable adverse impacts on the beneficial uses of surface water

SGMA requires critically-overdrafted, high and medium priority basins to be managed under a Groundwater Sustainability Plan (GSP) or approved alternative by January 31, 2020, and to achieve sustainability by 2040. The Department of Water Resources (DWR) Bulletin 118 – 2003 Update identifies 515 groundwater basins in the state: 43 are high priority and 84 are medium priority. The PVGB is a critically-overdrafted, high priority basin.

PV Water developed its first Basin Management Plan (BMP) in the early 1990s. This plan provided a roadmap to stop groundwater overdraft and halt seawater intrusion. The BMP has been updated periodically in the time since. The Board of Directors adopted Resolution 2014-05, which approved the BMP Update in April 2014. Leading up to the board action, a stakeholder committee evaluated 44 potential projects to achieve sustainable groundwater resources and ultimately settled on a suite of seven projects and programs. Implementation of the projects and programs identified in the BMP Update formally commenced on July 1, 2015 when new Proposition 218 compliant rates supporting BMP Update implementation went into effect. In January 2017, the Board of Directors (Board) approved an agreement for Basin Management Plan Implementation – Program Management Services. The agreement funds a team of engineers, environmental scientists, and other experts, to advance work on the supplemental water facilities described in the capital projects section of the narrative. In October 2019, the Board certified the Final EIR and approved the College

Lake Integrated Resources Management Project. In January 2021, the Board certified the Final EIR and approved the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects.

The Fiscal Year 2021-2022 (FY21-22) budget funds the work of PV Water to fulfill its mission. The budget serves as a projection of PV Water finances. The budget narrative describes key activities and important assumptions taken into account to develop the budget, including activities related to SGMA, BMP implementation, operations, and anticipated revenue.

Budget Organization

The budget is organized by the following service expense groups:

- General Fund Agency Administration
- Facility Operations
- Basin Management
- Special Fund General Administration
- Grant Administration
- Conservation
- Special Revenue Fund Public Education & Outreach
- Capital Projects
- Debt Service Funds

Presented below is a summary of projected activities, budget assumptions, highlights by service, and a detailed budget for each of the service expense groups. A list of staff positions, salaries, benefits, and time commitment by service is included for each service group.

Revenues and Sources of Funds

PV Water is funded through:

1. Management Fees collected on tax rolls
2. Augmentation Charges collected on groundwater pumped from the Basin
3. Delivered Water Charges for supplemental water delivered in the coastal zone through the Coastal Distribution System (CDS)
4. Grants
5. State Revolving Fund Financial Agreements
6. Interest and Other Revenues

Management Fees are collected on 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 $387,000 in Management Fees.

PV Water levies a groundwater augmentation charge "on the extraction of groundwater from wells within the Agency's boundaries in order to pay the costs of purchasing, capturing, storing, and distributing supplement water and paying for activities required to prepare and implement the Agency's groundwater management program."[1] The rates for FY21-22 are provided Table 1, below. Augmentation charge revenue is placed in the Special Revenue Fund category. This budget includes projected revenues of $11.9 million in augmentation charges.

A delivered water charge is collected from customers who purchase the Agency's supplemental water supply.

[1] Ordinances 2015-02 and 2021-02, Ordinances of the Pajaro Valley Water Management Agency Adjusting Groundwater Augmentation Charges

The supplemental water supply is comprised of recycled water from the Watsonville Area Recycled Water Facility, Harkins Slough Managed Aquifer Recharge & Recovery Facility, from blend water from wells operated by the Agency, and the City of Watsonville's potable supply. The delivered water charge in FY21-22 is shown in Table 1, below[2]. Revenue generated from the sale of delivered water is placed in the Special Revenue Fund category. The budget includes projected revenues of $2.2 million in delivered water charges.

Table 1. Water Rates for Fiscal Year 2021-22

User Class	Cost of Service Rate (Unit Cost Per Acre-Foot)	Cost of Service Rate Effective December 1, 2021
Augmentation Charges:		
Metered Users - Outside Delivered Water Zone	$246	$263
Metered Users - Inside Delivered Water Zone	$338	$363
Unmetered Users (Rural Residential)*	$115	$123
Delivered Water Charge	$392	$412

**Rural residents are billed for an estimated 0.5 af/year water use.*

PV Water actively seeks state and federal grants, and low interest financing opportunities, to support the planning and implementation of water supply projects and programs. When successful, grants and other financial agreements (such as the Clean Water State Revolving Fund, or SRF) reimburse eligible expenses incurred during the planning and implementation of those funded projects and programs. Reimbursements are placed in the fund category from which they were originally spent. The budget includes projected grant reimbursement revenues of approximately $1.5 million, primarily coming from Proposition 84, Drought Emergency grant for the Coastal Distribution System F-Pipeline Expansion Project, and Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 for the Recycled Water Facility Disk Filter Upgrade Project. PV Water will also receive grant reimbursements in FY21-22 from a $0.5 million "Proposition 68 Sustainable Groundwater Management Grant Program Planning - Round 3 Grant," which was awarded to update its approved Groundwater Sustainability Plan Alternative, and a $75,000 grant from the Bureau of Reclamation, WaterSMART program for metered telemetry. SRF Funding made possible by a financial agreement with the State Water Resources Control Board is also anticipated in an amount of approximately $0.2 million.

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[2] Ordinances 2015-01 and 2021-01, Ordinances of the Pajaro Valley Water Management Agency Adjusting Delivered Water Charges

Table 2a. Summary by Service

Summary by Service July 1, 2021 to June 30, 2022									
	General Fund Fund 10	Special Revenue Fund Fund 20						Capital Projects Fund 30	Debt Service Fund 40
Revenues and Sources of Funds									
Management Fees	387,000								
Delivered Water		2,162,500							
Augmentation Charges		11,880,000							
Grant Revenue		1,500,000							
SRF Financial Agreement		200,000							
Bond Proceeds								46,500,000	
Interest Income	50,000	200,000							
Other Revenue		35,000							
Total Revenue	**$ 437,000**	**$ 15,977,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 46,500,000**	**$ -**
	Agency Admin	Special Revenue Fund General Admin	Facility Operations	Basin Management	Grant Admin	Conservation	Public Education & Outreach	Capital Projects	Debt Service
Expenditures									
Salaries and Wages	35,099	768,109	908,742	321,695	60,950	48,274	99,999	270,989	-
Conferences/Training	8,500	4,000	4,350	4,500	-	1,000	1,000	-	-
Travel - Mileage - Meals - Lodging	13,000	7,500	2,000	8,000	1,000	2,000	2,000	-	-
Bank Charges/Bond Fees	50	50,000	40,000	-	-	-	-	-	-
Insurance	5,000	3,500	30,000	-	-	-	-	-	-
Taxes/Fees	250	21,000	3,000	-	-	-	-	35,000	-
Legal Notices & Ads	750	2,500	-	3,000	-	-	-	6,000	-
Dues & Subscription	30,400	5,000	22,500	1,000	-	-	500	-	-
Office Expense/Supplies	5,000	10,000	5,500	-	-	1,000	1,000	-	-
Postage	1,000	2,000	5,000	2,500	1,000	-	1,000	-	-
Printing	2,000	8,500	1,750	1,500	-	1,000	12,000	11,000	-
City Connection Water Charges	-	-	490,000	-	-	-	-	-	-
Utilities	2,500	8,200	227,000	-	-	-	-	-	-
Telephone/Communications	4,000	4,000	12,000	-	-	4,000	4,000	-	-
Office Equipment	1,000	7,500	7,000	-	-	-	-	-	-
Well Leases	-	-	90,000	-	-	-	-	-	-
Field Supplies/Equipment	-	-	32,000	20,000	-	10,000	2,000	-	-
Elections	-	-	-	-	-	-	-	-	-
LAFCO District Fees	17,850		-	-	-	-	-	-	-
Collection Fee/Bad Debt	5,000	10,000	-	-	-	-	-	-	-
Professional Services	49,000	10,000	68,500	600,000	75,000	325,000	45,000	5,685,000	-
Vehicle Purchase	-	-	65,000	5,000	-	-	-	-	-
Vehicle Maintenance	-	-	16,000	3,000	-	2,500	2,850	-	-
Meters	-	-	124,000	-	-	-	-	-	-
Meter Contractor	-	-	24,000	-	-	-	-	-	-
Water Sampling	-	-	47,000	40,000	-	-	-	-	-
Legal Services	45,000	75,000	25,000	65,000	2,000	-	-	200,000	-
Facilities Maintenance	50,000	5,000	8,000	-	-	-	-	-	-
Information Technology	12,000	25,000	55,000	34,000	-	12,000	12,000	-	-
Licensed Contractors	-	-	95,000	5,000	-	-	-	7,500,000	-
COW Reimb O&M	-	-	2,310,000	-	-	-	-	-	-
Special Projects Outreach	25,000	-	-	-	-	-	-	-	-
Rebates	-	-	-	-	-	100,000	-	-	-
ReNeM Rebates	-	-	25,000						-
Bond Administration Fee	-	7,500	-	-	-	-	-	-	-
Miscellanous (X-Band Radar/Uniforms)	-	10,500	-	-	-	-	-	-	-
Crop Loss	-	-	-	-	-	-	-	-	-
Land Acquisition	-	-	-	-	-	-	-	7,450,000	-
DWR Note Payable	-	-	-	-	-	-	-	-	251,416
2015 Bond Payment Principal	-	-	-	-	-	-	-	-	1,850,000
2015 Bond Payment Interest	-	-	-	-	-	-	-	-	447,350
2016 Bond Payment Principal	-	-	-	-	-	-	-	-	460,000
2016 Bond Payment Interest	-	-	-	-	-	-	-	-	346,613
Total Expenditures	**$ 312,399**	**$ 1,044,809**	**$ 4,743,342**	**$ 1,114,195**	**$ 139,950**	**$ 506,774**	**$ 183,349**	**$ 21,157,989**	**$ 3,355,379**
Total Revenue									
Excess of Revenues or (Deficit)									

Note: Totals may not tie due to rounding.

Table 2b. Summary by Service (cont.)

Summary by Service July 1, 2021 to June 30, 2022				
	FY21-22 Proposed Budget	**FY20-21 Adopted Budget**	**$ Diff**	**% Diff**
Revenues and Sources of Funds				
Management Fees	387,000	387,000	-	0.0%
Delivered Water (4,800 AF)	2,162,500	1,900,000	262,500	13.8%
Augmentation Charges (49,000 AF)	11,880,000	12,000,000	(120,000)	-1.0%
Grant Revenue	1,500,000	4,300,000	(2,800,000)	-65.1%
SRF Financial Agreement	200,000	2,300,000	(2,100,000)	-91.3%
Bond Proceeds	46,500,000		46,500,000	N/A
Interest Income	250,000	250,000	-	0.0%
Other Revenue	35,000	35,000	-	0.0%
Total Revenue	**$ 62,914,500**	**$ 21,172,000**	**$ 41,742,500**	**197.2%**
	FY21-22 Proposed Budget	**FY20-21 Adopted Budget**	**$ Diff**	**% Diff**
Expenditures				
Salaries and Wages	2,513,855	2,361,673	152,182	6.4%
Conferences/Training	23,350	22,000	1,350	6.1%
Travel - Mileage - Meals - Lodging	35,500	35,500	-	0.0%
Bank Charges/Bond Fees	90,050	80,000	10,050	12.6%
Insurance	38,500	33,500	5,000	14.9%
Taxes/Fees	59,250	51,200	8,050	15.7%
Legal Notices & Ads	12,250	11,750	500	4.3%
Dues & Subscription	59,400	59,500	(100)	-0.2%
Office Expense/Supplies	22,500	23,500	(1,000)	-4.3%
Postage	12,500	15,450	(2,950)	-19.1%
Printing	37,750	42,750	(5,000)	-11.7%
City Connection Water Charges	490,000	475,000	15,000	3.2%
Utilities	237,700	237,200	500	0.2%
Telephone/Communications	28,000	28,000	-	0.0%
Office Equipment	15,500	20,300	(4,800)	-23.6%
Well Leases	90,000	90,000	-	0.0%
Field Supplies/Equipment	64,000	140,000	(76,000)	-54.3%
Elections	-	65,000	(65,000)	N/A
LAFCO District Fees	17,850	17,000	850	5.0%
Collection Fee/Bad Debt	15,000	55,000	(40,000)	-72.7%
Professional Services	6,857,500	6,019,000	838,500	13.9%
Vehicle Purchase	70,000	26,000	44,000	0.0%
Vehicle Maintenance	24,350	24,700	(350)	-1.4%
Meters	124,000	50,000	74,000	148.0%
Meter Contractor	24,000	30,000	(6,000)	-20.0%
Water Sampling	87,000	87,000	-	0.0%
Legal Services	412,000	412,000	-	0.0%
Facilities Maintenance	63,000	63,000	-	0.0%
Information Technology	150,000	134,000	16,000	11.9%
Licensed Contractors	7,600,000	2,140,000	5,460,000	255.1%
COW Reimb O&M	2,310,000	2,100,000	210,000	10.0%
Special Projects Outreach	25,000	25,000	-	0.0%
Rebates	100,000	75,000	25,000	33.3%
ReNeM Rebates	25,000		25,000	N/A
Bond Administration Fee	7,500		7,500	N/A
Miscellanous (X-Band Radar/Uniforms)	10,500	10,500	-	N/A
Crop Loss	-	250,000	(250,000)	N/A
Land Acquisition	7,450,000	2,500,000	4,950,000	N/A
DWR Note Payable	251,416	251,416	-	0.0%
2015 Bond Payment Principal	1,850,000	1,770,000	80,000	4.5%
2015 Bond Payment Interest	447,350	535,850	(88,500)	-16.5%
2016 Bond Payment Principal	460,000	440,000	20,000	4.5%
2016 Bond Payment Interest	346,613	364,213	(17,600)	-4.8%
Total Expenditures	**$ 32,558,186**	**$ 21,172,000**	**$ 11,386,182**	**53.8%**
Total Revenue	**62,914,500**	**21,172,000**	**$ 41,742,500**	
Excess of Revenues or (Deficit)	**30,356,314**	**-**	**$ 30,356,318**	

Note: Totals may not tie due to rounding.

Table 3. Budgeted Salary Expenditures, Overall Allocation

				General Fund Fund 10		Special Revenue Fund 20						Capital Projects Fund 30	
	Position	Total Salary & Benefits		Agency Admin		Admin Grants Conserv Ed & Outreach		Facility Ops		Basin Mngmnt		Capital Projects	
		Includes 10% Allowance for Non-Exempt		Total		Total		Total		Total		Total	
		%	$	%	$	%	$	%	$	%	$	%	$
Agency Administration													
1	General Manager	100%	293,552	2%	5,871	41%	120,356	6%	17,613	28%	82,195	23%	67,517
2	Finance & Administrative Services Manager	100%	227,657	2%	4,553	89%	202,615	0%	-	0%	-	9%	20,489
3	Financial Analyst	100%	156,353	2%	3,127	98%	153,226	0%	-	0%	-	0%	-
4	Administrative Analyst	100%	154,033	2%	3,081	68%	104,743	0%	-	0%	-	30%	46,210
5	Customer Service Rep	100%	144,036	2%	2,881	98%	141,155	0%	-	0%	-	0%	-
6	Account Clerk	100%	114,548	2%	2,291	98%	112,257	0%	-	0%	-	0%	-
Operations													
1	Water Meter Program Coordinator	100%	163,852	0%	-	2%	3,277	98%	160,575	0%	-	0%	-
2	Water System Operations Supervisor	100%	212,839	0%	-	1%	2,128	85%	180,913	0%	-	14%	29,798
3	Water System Operator	100%	183,845	0%	-	2%	3,677	83%	152,591	0%	-	15%	27,577
4	Vacant TBD	100%	93,719	2%	1,874	7%	6,560	13%	12,183	24%	22,492	54%	50,608
5	Operations-Maintenance Technician	100%	162,656	0%	-	0%	-	100%	162,656	0%	-	0%	-
6	Associate Hydrologist	100%	188,876	0%	-	9%	16,999	12%	22,665	73%	137,879	6%	11,333
7	Water Conservation & Outreach Specialist	100%	118,900	2%	2,378	76%	90,364	4%	4,756	9%	10,701	9%	10,701
8	Water Resources Technician	100%	112,616	0%	-	8%	9,009	34%	38,289	52%	58,560	6%	6,757
9	Field Technician	100%	77,066	0%	-	0%	-	100%	77,066	0%	-	0%	-
10	Maintenance Technician	100%	78,337	0%	-	0%	-	100%	78,337	0%	-	0%	-
11	Intern	100%	21,928	0%	-	50%	10,964	5%	1,096	45%	9,868	0%	-
	Total Staff Salaries/Benefits		2,504,812		26,056		977,331		908,742		321,695		270,989
	Board Members		9,043		9,043								
	Total Salaries & Benefits		**2,513,855**		**35,099**		**977,331**		**908,742**		**321,695**		**270,989**

Note: Totals may not tie due to rounding.

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General Fund
Agency Administration Service Expense Group Summary

The Agency Administration Service Expense Group includes activities related to the administration of the Agency that are paid from the General Revenue Fund. Board expenses, as well as LAFCO, auditing services, and membership charges to professional organizations are paid from the General Revenue Fund. The 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, LAFCO fees, and memberships in professional organizations including but not limited to the Association of California Water Agencies (ACWA), the California Special Districts Association (CSDA), the Groundwater Resources Association (GRA), and WateReuse. Also included within Office Administration is maintenance associated with the building and property.

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

Special Projects Outreach
Special projects outreach for FY21-22 includes an aquifer educational display at the Agricultural History Project at the Santa Cruz County Fairgrounds, focused public outreach campaigns relating to extreme conditions, such as drought and atmospheric river events, and a collaborative project with the City of Watsonville to install water bottle filling stations with plaques to generate greater awareness of PV Water in the community and its mission to preserve resources, especially local water.

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Table 4. Agency Administration Expenditures

Agency Administration July 1, 2021 to June 30, 2022				
	Office Administration	**Board Support**	**Outreach & Education**	**Total**
Expenditures				
Salaries and Wages	15,086	17,048	2,965	35,099
Conferences/Meetings/Training	5,500	3,000	-	8,500
Travel/Mileage/Meals/Lodging	6,000	6,000	1,000	13,000
Bank Charges/Bond Fees	50	-	-	50
Insurance	5,000	-	-	5,000
Taxes	250	-	-	250
Legal Notices & Ads	750	-	-	750
Dues & Subscription	29,400	-	1,000	30,400
Office Expense/Supplies	5,000	-	-	5,000
Postage	1,000	-	-	1,000
Printing	2,000	-	-	2,000
Utilities	2,500	-	-	2,500
Telephone/Communications	4,000	-	-	4,000
Office Supplies/ Equipment	1,000	-	-	1,000
Elections	-	-	-	-
Legal Services	30,000	15,000	-	45,000
Professional Services	45,000	-	4,000	49,000
LAFCO District Fees	17,850	-	-	17,850
Collection Fee	5,000	-	-	5,000
Special Projects Outreach	-	-	25,000	25,000
Building Maintenance	50,000	-	-	50,000
Information Technology	12,000	-	-	12,000
Total Expenditures	**$ 237,386**	**$ 41,048**	**$ 33,965**	**$ 312,399**

Note: Totals may not tie due to rounding.

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Table 5. Budgeted Salary Expenditures, Fund 10 Detail

	Position	Total Salary & Benefits	General Fund 10							
			Agency Administration							
		Includes10% Allowance for Non-Exempt	Office Admin		Board Support		Special Projects Outreach		**Total**	
			%	$	%	$	%	$	%	$
Agency Administration										
1	General Manager	293,552	40%	2,348	50%	2,936	10%	587	100%	5,871
2	Finance & Administrative Services Manager	227,657	70%	3,187	30%	1,366	0%	-	100%	4,553
3	Financial Analyst	156,353	70%	2,189	30%	938	0%	-	100%	3,127
3	Administrative Analyst	154,033	50%	1,540	50%	1,540	0%	-	100%	3,081
4	Customer Service Rep	144,036	90%	2,593	10%	288	0%	-	100%	2,881
5	Account Clerk	114,548	100%	2,291	0%	-	0%	-	100%	2,291
Operations										
1	Water Meter Program Coordinator	163,852	0%	-	0%	-	0%	-	0%	-
2	Water System Operations Supervisor	212,839	0%	-	0%	-	0%	-	0%	-
3	Water System Operator	183,845	0%	-	0%	-	0%	-	0%	-
4	Vacant TBD	93,719	50%	937	50%	937	0%	-	100%	1,874
5	Operations-Maintenance Technician	162,656	0%	-	0%	-	0%	-	0%	-
6	Associate Hydrologist	188,876	0%	-	0%	-	0%	-	0%	-
7	Water Conservation & Outreach Specialist	118,900	0%	-	0%	-	100%	2,378	100%	2,378
8	Water Resources Technician	112,616	0%	-	0%	-	0%	-	0%	-
9	Field Technician	77,066	0%	-	0%	-	0%	-	0%	-
10	Maintenance Technician	78,337	0%	-	0%	-	0%	-	0%	-
11	Intern	21,928	0%	-	0%	-	0%	-	0%	-
	Total Staff Salaries/Benefits	2,504,812		15,086		8,005		2,965		26,056
	Board Members	9,043				9,043				9,043
	Total Salaries & Benefits	**2,513,855**		**15,086**		**17,048**		**2,965**		**35,099**

Note: Totals may not tie due to rounding.

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Special Fund
General Administration Service Expense Group Summary

The General Administration Service Expense Group includes activities associated with office and grant administration, conservation, outreach and education. A summary of each follows.

Office Administration
The Office Administration category holds expenses that are general in nature, including billing and collection costs.

Grant Administration
Functions included in this category are grant applications, grant and contract management, and associated intergovernmental relations. The professional services in this category are largely grant reimbursable and include the following:

- Continued consultant services for the administration and reimbursement of the following grants: Proposition 84 Drought Emergency; Proposition 1, Recycled Water & Groundwater; Proposition 68 Sustainable Groundwater Management Grant Program Planning - Round 3 Grant; and Bureau of Reclamation, WaterSMART program.
- Applying for new grants and supporting project activities, including grant compliance and coordination.

Conservation
The conservation goal in the BMP Update accounts for 5,000 AFY about a 10% reduction in pumping compared to the baseline 2006-2010 average for groundwater wells or ~40% of the overall solution to eliminate 12,100 AFY of groundwater extractions. The Agricultural Water Conservation Program provides a high-level of engagement with local partners and stakeholders, to streamline ranch level conservation programs and leverage resources in order to optimize basin-wide progress toward the BMP Conservation goals. Partner agencies include the Resource Conservation Districts of Santa Cruz and Monterey Counties, the Natural Resources Conservation Service, the Water Conservation Coalition of Santa Cruz County, and the UC Cooperative Extension. In December 2020, the Board of Directors voted in favor of funding the BMP Agricultural Water Conservation Program at rate of $400,000 per year for the next three calendar years, which includes $300,000 per year for professional services, and $100,000 per year in rebates, trials and cost-sharing agreements. The Household Water Conservation program includes rebates, a home and garden water conservation tool kit, and water saving device give-a-ways. Outreach and education are important components of both programs. The FY21-22 budget includes $325,000 for professional services to support the conservation program and $100,000 rebates.

Outreach & Education
Outreach, community engagement, and education are among the most important functions of PV Water as they touch all aspects of the Agency's mission. Meetings, tours and workshops for stakeholders, community members, and students make up an important component of PV Water's outreach program. Outreach outlets included in this category are annual reports, newsletters, participation in local fairs and events, website updates and maintenance, and development of traditional media and social media content (e.g. Facebook). The FY21-22 budget includes $45,000 for professional services to support outreach activities.

Table 6. Special Fund General Administration Expenditures

Special Fund General Administration July 1, 2021 to June 30, 2022					
	Office Administration	**Grant Administration**	**Conservation**	**Public Outreach & Education**	**Total**
Expenditures					
Salaries and Wages	768,109	60,950	48,274	99,999	977,331
Conferences/Training	4,000	-	1,000	1,000	6,000
Travel/Mileage/Meals/Lodging	7,500	1,000	2,000	2,000	12,500
Bank Charges/Bond Fees	50,000	-	-	-	50,000
Insurance	3,500	-	-	-	3,500
Taxes/Fees	21,000	-	-	-	21,000
Legal Notices & Ads	2,500	-	-	-	2,500
Dues & Subscription	5,000	-	-	500	5,500
Office Expense/Supplies	10,000	-	1,000	1,000	12,000
Postage	2,000	1,000	-	1,000	4,000
Printing	8,500	-	1,000	12,000	21,500
Field Supplies	-	-	10,000	2,000	12,000
Utilities	8,200	-	-	-	8,200
Telephone/Communications	4,000	-	4,000	4,000	12,000
Office Equipment	7,500	-	-	-	7,500
Uniforms	3,000	-	-	-	3,000
Legal Services	75,000	2,000	-	-	77,000
Professional Services	10,000	75,000	325,000	45,000	455,000
Bad Debt/Collection Fees	10,000	-	-	-	10,000
Collection Fee	-	-	-	-	-
Building Maintenance	5,000	-	-	-	5,000
Office Equipment	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Information Technology	25,000	-	12,000	12,000	49,000
Vehicle Purchase	-	-	-	-	-
Vehicle Maintenance	-	-	2,500	2,850	5,350
Rebates	-	-	100,000	-	100,000
Bond Administration Fee	7,500				7,500
Other Fixed Assets	-	-	-	-	-
Miscellaneous (X-Band Radar)	7,500	-	-	-	7,500
Total Expenditures	**$ 1,044,809**	**$ 139,950**	**$ 506,774**	**$ 183,349**	**$ 1,874,881**

Note: Totals may not tie due to rounding.

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Table 7. Budgeted Salary Expenditures, Fund 20, General Administration Detail

	Position	Total Salary & Benefits	Special Revenue Fund 20									
		Includes 10% Allowance for Non-Exempt	Office Admin		Public Outreach & Education		Grant Admin		Conser-vation		**Total**	
			%	$	%	$	%	$	%	$	%	$
Agency Administration												
1	General Manager	293,552	25%	73,388	10%	29,355	3%	8,807	3%	8,807	41%	120,356
2	Finance & Administrative Services Manager	227,657	79%	179,849	0%	-	10%	22,766	0%	-	89%	202,615
3	Financial Analyst	156,353	93%	145,408	0%	-	5%	7,818	0%	-	98%	153,226
4	Administrative Analyst	154,033	63%	97,041	0%	-	5%	7,702	0%	-	68%	104,743
5	Customer Service Rep	144,036	98%	141,155	0%	-	0%	-	0%	-	98%	141,155
6	Account Clerk	114,548	98%	112,257	0%	-	0%	-	0%	-	98%	112,257
Operations												
1	Water Meter Program Coordinator	163,852	1%	1,639	0%	-	1%	1,639	0%	-	2%	3,277
2	Water System Operations Supervisor	212,839	1%	2,128	0%	-	0%	-	0%	-	1%	2,128
3	Water System Operator	183,845	1%	1,838	0%	-	1%	1,838	0%	-	2%	3,677
4	Vacant TBD	93,719	4%	3,749	2%	1,874	1%	937	0%	-	7%	6,560
5	Operations-Maintenance Technician	162,656	0%	-	0%	-	0%	-	0%	-	0%	-
6	Associate Hydrologist	188,876	1%	1,889	2%	3,778	5%	9,444	1%	1,889	9%	16,999
7	Water Conservation & Outreach Specialist	118,900	1%	1,189	50%	59,450	0%	-	25%	29,725	76%	90,364
8	Water Resources Technician	112,616	0%	-	2%	2,252	0%	-	6%	6,757	8%	9,009
9	Field Technician	77,066	0%	-	0%	-	0%	-	0%	-	0%	-
10	Maintenance Technician	78,337	0%	-	0%	-	0%	-	0%	-	0%	-
11	Intern	21,928	30%	6,578	15%	3,289	0%	-	5%	1,096	50%	10,964
	Total Salaries/Benefits	**2,504,812**		**768,109**		**99,999**		**60,950**		**48,274**		**977,331**

Note: Totals may not tie due to rounding.

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Facility Operations
Service Expense Group Summary

The Facility Operations Service Expense Group includes activities associated with the operation and maintenance of the Agency's supplemental water supply facilities. Specific categories included within the Facility Operations Service Group are summarized below, along with anticipated activities for the year.

Harkins Slough Managed Aquifer Recharge & Recovery Facility
The facility has two parts: 1) the diversion facilities on Harkins Slough, which includes diversion, treatment (filtration), and conveyance infrastructure; and 2) recharge basin facilities, which are located on the San Andreas Terrace and include the recharge basin, monitoring wells, and recovery wells, and the remote terminal units that house power, electronics, and other equipment. Operational costs include utilities, water quality sampling, maintenance, and professional services that provide support for operational software and hardware, and electrical maintenance.

Coastal Distribution System (CDS)
Coastal Distribution System Facilities include over 21 miles of sub-surface supplemental water conveyance pipeline located in the coastal area extending from Elkhorn Slough to Sunset Beach, and inland to approximately Highway 1. The CDS is capable of providing supplemental water to approximately 6,100 irrigated acres. Staff projects delivery of more than 5,000 acre-feet of supplemental water supply this fiscal year. Operational costs include utilities, maintenance, and professional services for software, lease expenses, water quality sampling, and electrical, meter and pipeline maintenance.

Supplemental Water (In-Basin)
Supplemental Water Facilities include Blend Well 1 and Blend Well 2, the City of Watsonville's potable supply, and a pilot project well lease. Water System Operators blend recycled water with supplemental water to both meet demand and to improve water quality. Operational costs include utilities, leases (Blend Well 1 and the Harvest Drive Well), software, electrical and pump maintenance.

PV Water is also implementing the Recharge Net Metering Pilot Program. This five-year pilot program has the goal of enhancing groundwater recharge within the Pajaro Valley Groundwater Basin by 1,000 AFY through a series of infiltration basins. Through the program PV Water issues a rebate to landowners based on the measured volume of water infiltrated that helps to offset costs incurred for the maintenance of the infiltration systems. Recharge Net Metering participants benefit directly through the rebate program; they also benefit indirectly (along with other groundwater users and the basin as a whole) because managed aquifer recharge helps to improve and sustain the quantity and quality of groundwater.

Watsonville Area Recycled Water Facility (RWF)
The RWF, constructed, operated, and maintained in collaboration with the City of Watsonville (City), was designed to produce up to 4,000 acre-feet per year of tertiary-treated, Title 22 compliant recycled water for use as an irrigation supply, delivered through the CDS, in lieu of groundwater. Expenses shown under this category are for operations and maintenance (O&M) costs paid to the City for water produced at the RWF and include equipment, chemicals, staff time, etc. This year's budget includes $2.31 million in O&M costs to the City for an anticipated 3,500 acre feet of recycled water production based on an average of the last three years and anticipated increase in production. The recycled water will be blended with approximately 1,500 acre-feet of in-basin blend water.

Metering Program
The Metering Program consists of maintaining and reading approximately 1,000 flow meters basin-wide on a quarterly basis. Calibrated flow meters measure groundwater extractions and water deliveries for basin management and billing purposes. PV Water is in the process of upgrading traditional meters to telemetry meters, which allow for cloud-based access of data for staff and customers alike. In FY21-22, $124,000 is included for telemetry meters upgrades and supporting services. This work could be funded in part by a $75,000 WaterSMART, Small-Scale Water Efficiency Project Grant provided by the US Bureau of Reclamation.

Table 8. Facility Operations Expenditures

Facility Operations July 1, 2021 to June 30, 2022						
	Harkins Slough Facility	**Coastal Distribution System**	**Supplemental Water (In-Basin)**	**Recycled Water Facility**	**Metering Program**	**Total**
Expenditures						
Salaries and Wages	78,907	411,021	35,736	21,293	361,785	908,742
Conferences/Training	-	3,000	-	-	1,350	4,350
Travel	-	2,000	-	-	-	2,000
Bank Charges	10,000	10,000	10,000	-	10,000	40,000
Insurance	8,500	6,500	6,500	-	8,500	30,000
Taxes/Fees	3,000	-	-	-	-	3,000
Dues & Subscription	500	1,000	500	20,000	500	22,500
Office Exp/Supplies	1,500	1,000	1,500	-	1,500	5,500
Postage	1,000	1,250	1,000	-	1,750	5,000
Printing	500	500	500	-	250	1,750
Utilities	75,000	2,000	150,000	-	-	227,000
Telephone/Communications	3,000	3,000	3,000	-	3,000	12,000
Office Equipment	2,000	2,000	1,500	-	1,500	7,000
Well Leases	-	-	90,000	-	-	90,000
Field Supplies/Equip	2,500	20,000	7,000	-	2,500	32,000
Legal Services	-	-	25,000	-	-	25,000
Professional Services	12,000	5,000	50,000	-	1,500	68,500
Meter Contractor	-	-	-	-	24,000	24,000
Building Maintenance	2,000	2,000	2,000	-	2,000	8,000
Information Technology	5,000	15,000	20,000	-	15,000	55,000
Facility Maintenance	-	-	-	-	-	-
Licensed Contractors	35,000	10,000	50,000	-	-	95,000
Vehicle Purchase	5,000	50,000	5,000	-	5,000	65,000
Vehicle Maintenance	5,000	3,000	3,000	-	5,000	16,000
Meters	-	-	-	-	124,000	124,000
City Connection Water	-	490,000	-	-	-	490,000
Water Sampling	12,000	35,000	-	-	-	47,000
COW RWF O&M	-	-	-	2,310,000	-	2,310,000
Other Fixed Assets	-	-	-	-	-	-
ReNeM Rebates			25,000			25,000
Total Expenditures	**262,407**	**1,073,271**	**487,236**	**2,351,293**	**569,135**	**4,743,342**

Note: Totals may not tie due to rounding.

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Table 9. Budgeted Salary Expenditures, Fund 20, Facility Operations Detail

Position	Total Salary & Benefits	Special Revenue Fund 20 — Facility Operations											
	Includes 10% Allowance for Non-Exempt	Harkins Slough		Coastal Distribution System		Supplemental Water (In-Basin)		Recycled Water Facility		Metering Program		**Total**	
		%	$	%	$	%	$	%	$	%	$	%	$
ency Administration													
General Manager	293,552	1%	2,936	1%	2,936	2%	5,871	1%	2,936	1%	2,936	6%	17,613
Finance & Administrative Services Manager	227,657	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Financial Analyst	156,353	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Administrative Analyst	154,033	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Customer Service Rep	144,036	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Account Clerk	114,548	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
erations													
Water Meter Program Coordinator	163,852	2%	3,277	20%	32,770	0%	-	0%	-	76%	124,527	98%	160,575
Water System Operations Supervisor	212,839	10%	21,284	60%	127,704	5%	10,642	5%	10,642	5%	10,642	85%	180,913
Water System Operator	183,845	10%	18,385	60%	110,307	5%	9,192	0%	-	8%	14,708	83%	152,591
Vacant TBD	93,719	3%	2,812	3%	2,812	3%	2,812	3%	2,812	1%	937	13%	12,183
Operations-Maintenance Technician	162,656	5%	8,133	40%	65,062	0%	-	0%	-	55%	89,461	100%	162,656
Associate Hydrologist	188,876	4%	7,555	2%	3,778	2%	3,778	2%	3,778	2%	3,778	12%	22,665
Water Conservation & Outreach Specialist	118,900	0%	-	0%	-	1%	1,189	0%	-	3%	3,567	4%	4,756
Water Resources Technician	112,616	6%	6,757	10%	11,262	2%	2,252	1%	1,126	15%	16,892	34%	38,289
Field Technician	77,066	5%	3,853	35%	26,973	0%	-	0%	-	60%	46,240	100%	77,066
Maintenance Technician	78,337	5%	3,917	35%	27,418	0%	-	0%	-	60%	47,002	100%	78,337
Intern	21,928	0%	-	0%	-	0%	-	0%	-	5%	1,096	5%	1,096
Total Salaries & Benefits	**2,504,812**		**78,907**		**411,021**		**35,736**		**21,293**		**361,785**		**908,742**

Note: Totals may not tie due to rounding.

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Basin Management
Service Expense Group Summary

The Basin Management Service Expense Group programs inform and support water resources management within the basin and include hydrologic modeling, basin monitoring, planning on the local level and in collaboration with regional stakeholders/partners, and funding activities such as grants, loans, and rate setting efforts. A summary of each of each program follows.

Basin Modeling
PV Water collaborated with the United States Geological Survey (USGS) to develop the Pajaro Valley Hydrologic Model (PVHM), under the guidance of a Technical Advisory Committee, between 2005 and 2010. The PVHM is the primary tool used to provide water budget information to help inform water resource planning activities, and to simulate water management scenarios, such as climate change, in support of basin management planning efforts. The budget provides funding for the current phase of PVHM updates and improvements to assist staff with SGMA compliance, such as the development of tools to help the PVHM "self-update," and more easily produce water budget & change in groundwater storage information. The USGS is in the process of conducting a land subsidence analysis of the Pajaro Valley, and during FY19-20, completed installation of two new streamflow gaging stations on the Pajaro River. The ongoing work supports PV Water's efforts to comply with SGMA, and is an integral component of present and future planning efforts, including the development of the BMP Groundwater Sustainability Update 2022 (GSU22). The GSU22 is being developed to meet the SGMA requirement of preparing a five-year update to the GSP-Alternative (see In-Basin Management, below).

Basin Monitoring
Monitoring hydrologic conditions of the Pajaro Valley Groundwater Basin provides critical information to water managers to evaluate the progress toward achieving PV Water's mission. Staff use data collected through monitoring programs to track and report changing conditions within the Basin that result from the implementation BMP projects and programs as well as climate and weather variability. Staff routinely monitor groundwater, surface water, water supply facilities, soils, land use, and weather. The data collected assists in tracking spatial and temporal changes to water quality, groundwater levels, and soil quality. The monitoring programs also provide data to satisfy monitoring and reporting requirements of numerous environmental permits and annual reporting requirements including: the Harkins Slough Water-Right Permit, the NPDES General Low-Threat Discharge Permit, the Master Reclamation Permit, and SGMA annual reporting. Staff oversee the water quality aspects of the supplemental water facilities, maintain field instrumentation; review new well permit applications, and document Basin conditions as needed to meet the requirements of over $60 million in water resources construction grants awarded to the Agency.

Programs include:
- Groundwater monitoring involving semi-annual water level and quality monitoring of over 170 wells, and monthly water level monitoring of a subset of wells.
- Seawater intrusion monitoring of wells located in and near the intruded zone.
- Surface water quality monitoring at approximately 40 sites.
- Hydrologic studies in the College Lake and Watsonville Slough System Watersheds to support BMP projects.
- Operation and maintenance of over 100 data-loggers at surface water and groundwater monitoring locations collecting data as frequent as every 15 minutes.
- Annual land use surveys detailing land use and crop types basin-wide.

In-Basin Management
The In-Basin Management section of the budget has historically funded the development of the Basin Management Plan (BMP). The Board of Directors certified the BMP Update Environmental Impact Report (Resolution 2014-04) and approved the BMP Update (Resolution 2014-05) in April 2014. In 2016, PV Water developed a BMP Implementation Plan Strategy. In December 2016, PV Water submitted the BMP Update, Agency Act, and other supporting documents to the DWR as an Alternative to a Groundwater Sustainability Plan (GSP). DWR approved PV Water's Alternative in July 2019. A five-year update is due to DWR in January

2022. DWR awarded PV Water a $0.5 million "Proposition 68 Sustainable Groundwater Management Grant Program Planning - Round 3 Grant" to support a stakeholder driven effort to prepare the five-year update, which is known as the Basin Management Plan: Groundwater Sustainability Update 2022 (GSU22).

Regional Water Management
PV Water, in partnership with San Benito County Water District (SBCWD) and Santa Clara Valley Water District (Valley Water), compose the Regional Water Management Group (RWMG) and lead the Integrated Regional Water Management (IRWM) efforts for the Pajaro River Watershed. The RWMG most recently updated and adopted the IRWM Plan in October 2019. In April 2020, the PV Water Board adopted Resolution 2020-03, adopting the 2019 Pajaro River Watershed Integrated Regional Water Management Plan. DWR approved the plan in April 2020. Work this fiscal year will include coordination meetings with SBCWD and Valley Water, potential pursuit of regional grant funding with the partners, and water resource planning as needed to maintain compliance with updated IRWM requirements.

Out-of-Basin Funding
Out-of-Basin Funding efforts include continued pursuit of state and federal grants. Title XVI, at the federal level, and Propositions 1 and 68, at the state level, continue to represent significant funding opportunities. Over the course of the fiscal year, PV Water expects to receive approximately $1.5 million in grant reimbursements and approximately $0.2 million in low-interest loans through the State Revolving Fund (SRF) financial agreement. This year's budget includes staff time and resources for grant writing, contracting and management of grants and contractors.

In-Basin Funding
In June 2019, the Board approved an agreement to develop an updated Cost of Service Rate Study Rate Study) to evaluate anticipated revenue needs to cover expenditures associated with the continued implementation of the BMP Update. The Board established an Ad Hoc Funding Committee in November 2019 to receive information developed as part of the Rate Study, evaluate potential options to meet revenue requirements, and make recommendations to the Board of Directors. The Committee voted in favor of recommending the rate structure, as proposed during its January 2021 meeting, to the Board. The Board adopted the Rate Study in February 2021. The Rate Study identifies water user categories and anticipated use amounts for each category. It also identifies costs of service, allocates the costs to the water users, and proposes a rate increase. The Board is scheduled to hold public hearings and vote on ordinances adjusting the Agency's service charges in April 2021.

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Table 10. Basin Management Expenditures

Basin Management July 1, 2021 to June 30, 2022							
	Basin Modeling	**Basin Monitoring**	**In-Basin Management**	**Regional Water Management**	**Out-of-Basin Funding**	**In-Basin Funding**	**Total**
Expenditures							
Salaries and Wages	67,916	118,276	88,104	8,139	19,630	19,630	321,695
Conf/Mtgs/Training	1,500	3,000	-	-	-	-	4,500
Travel/Mileage/Meals	1,000	2,000	-	500	4,000	500	8,000
Legal Notices & Ads	-	-	-	500	-	2,500	3,000
Dues & Subscription	-	1,000	-	-	-	-	1,000
Postage	-	-	-	-	-	2,500	2,500
Printing	-	-	-	500	-	1,000	1,500
Field Supplies/Equipment	-	20,000	-	-	-	-	20,000
Elections	-	-	-	-	-	-	-
Legal Services	-	-	15,000	-	-	50,000	65,000
Professional Services	150,000	50,000	300,000	25,000	50,000	25,000	600,000
Information Technology	17,000	17,000	-	-	-	-	34,000
Vehicle Purchase	-	5,000	-	-	-	-	5,000
Vehicle Maintenance	-	3,000	-	-	-	-	3,000
Water Sampling	-	40,000	-	-	-	-	40,000
Other Fixed Assets	-	-	-	-	-	-	-
Licensed Contractor	-	5,000	-	-	-	-	5,000
Total Expenditures	**$ 237,416**	**$ 264,276**	**$ 403,104**	**$ 34,639**	**$ 73,630**	**$ 101,130**	**$ 1,114,195**

Note: Totals may not tie due to rounding.

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Table 11. Budgeted Salary Expenditures, Fund 20, Basin Management Detail

	Position	Total Salary & Benefits	Special Revenue Fund 20 — Basin Management													
		Includes 10% Allowance for Non-Exempt	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	293,552	3%	8,807	4%	11,742	10%	29,355	1%	2,936	5%	14,678	5%	14,678	28%	82,195
2	Finance & Administrative Services Manager	227,657	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
3	Financial Analyst	156,353	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
4	Administrative Analyst	154,033	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
5	Customer Service Rep	144,036	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
6	Account Clerk	114,548	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
Operations																
1	Water Meter Program Coordinator	163,852	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2	Water System Operations Supervisor	212,839	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
3	Water System Operator	183,845	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
4	Vacant TBD	93,719	2%	1,874	2%	1,874	15%	14,058	1%	937	2%	1,874	2%	1,874	24%	22,492
5	Operations-Maintenance Technician	162,656	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
6	Associate Hydrologist	188,876	25%	47,219	25%	47,219	20%	37,775	1%	1,889	1%	1,889	1%	1,889	73%	137,879
7	Water Conservation & Outreach Specialist	118,900	0%	-	2%	2,378	3%	3,567	2%	2,378	1%	1,189	1%	1,189	9%	10,701
8	Water Resources Technician	112,616	5%	5,631	45%	50,677	2%	2,252	0%	-	0%	-	0%	-	52%	58,560
9	Field Technician	77,066	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
10	Maintenance Technician	78,337	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
11	Intern	21,928	20%	4,386	20%	4,386	5%	1,096	0%	-	0%	-	0%	-	45%	9,868
	Total Salaries & Benefits	**2,504,812**		**67,916**		**118,276**		**88,104**		**8,139**		**19,630**		**19,630**		**321,695**

Note: Totals may not tie due to rounding.

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Capital Projects
Service Expense Group Summary

Following years of work and stakeholder engagement between 2010 and 2015, the Board of Directors certified the BMP Update Environmental Impact Report (Resolution 2014-04), approved the Basin Management Plan Update (Resolution 2014-05), and adopted Ordinances 2015-01 and 2015-02 adjusting PV Water's rate structures to fund implementation of the BMP Update. The projects and programs described in the BMP Update are projected to halt seawater intrusion and eliminate groundwater overdraft in the Pajaro Valley. Staff continue work to implement the projects and programs, which include:

- Conservation of existing water supplies
- Increased production and deliveries from existing facilities
- Increased Recycled Water Storage
- Harkins Slough Facility Upgrades*
- Watsonville Slough Diversion with Recharge Basins*
- College Lake Integrated Resources Management Project
- Murphy Crossing with Recharge Basin (Phase II project)

* *Collectively referred to as the Watsonville Slough System Managed Aquifer Recharge & Recovery Projects*

In January 2017, the Board of Directors approved an agreement for Basin Management Plan Implementation – Program Management Services. The agreement funded a team of engineers, environmental scientists, property rights experts, funding experts, and others to advance work on the College Lake Integrated Resources Management Project and the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects. Funded tasks included program administration, planning and engineering support, environmental review and permitting, property-rights, water-rights, public and stakeholder outreach, and funding.

College Lake Integrated Resources Management Project
In October 2019, the Board adopted Resolution 2019-18, Certifying the Final Environmental Impact Report, Adopting Findings Pursuant to the California Environmental Quality Act, Adopting a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Program for the College Lake Integrated Resources Management Project and Resolution 2019-19, Selecting, Approving, and Adopting the College Lake Integrated Resources Management Project. In August 2020, the Board approved agreements for design and bid period services, and in October 2020, the Board approved agreements for environmental & permitting support, property rights, and fish passage design services. Ongoing and planned activities for FY21-22 include a continuation of those efforts noted above. In addition, PV Water remains committed to developing an Adaptive Management Plan (AMP) for this project through a stakeholder process. Anticipated AMP work in FY21-22 includes fish and waterfowl surveys in coordination with the California Department of Fish and Wildlife and the National Marine Fisheries Service, and the preparation of the Adaptive Management Plan with the oversite of the Ad Hoc Adaptive Management Plan Committee.

Watsonville Slough System Managed Aquifer Recharge & Recovery Projects
In January 2021, the Board adopted Resolution 2021-03 Certifying the Final Environmental Impact Report, Adopting Findings Pursuant to the California Environmental Quality Act, Adopting a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Program for the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects. The Board also adopted Resolution 2021-04 Selecting, Approving, and Adopting the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects. Activities in FY21-22 will include the preparation and submittal of environmental permits, design, procurement of property-rights and water-rights, continued community outreach, and applying for funding opportunities.

Recycled Water Facility Improvements Project
The Recycled Water Treatment, Storage, and Distribution Pump Station Improvements Project will allow staff to produce and distribute up to an additional 750 AF of recycled water per year. PV Water has an agreement with the State Water Resources Control Board (SWRCB) State Revolving Fund (SRF) program for a three-

phase RWF Improvements Project. Phase I, Recycled Water Storage and Distribution Pump Station Improvements Project, was completed in January 2018. In January 2021, the Board accepted final completion of the Phase II, Disk Filter Upgrade Project. A Phase III UV Treatment Upgrade Project is currently being considered. These projects are collectively receiving funding from the SWRCB through an SRF financial agreement; 35% of construction costs are reimbursable under Proposition 1 Recycled Water and 65% of the construction costs are eligible for a 1% financing agreement over 30 years. If the Board elects to direct staff to proceed with the Phase III project, construction would likely begin before the close of the fiscal year.

Coastal Distribution System F-Pipeline Expansion Project
In October 2019, the Board approved Resolution 2019-20, A Resolution of the Board of Directors of the Pajaro Valley Water Management Agency Approving Addendum No. 7 to the Final Environmental Impact Report for the Local Water Supply and Distribution Project, SCH No. 1997021006 and Addendum No. 1 to the Final Environmental Impact Report for the 2014 Basin Management Plan Update, SCH No. 2000062030 and Authorizing the General Manager to Call for Bids for the CDS F-Pipeline Project. The project included approximately 9,900 linear feet of high density polyethylene distribution pipeline ranging from 10 inches to 30 inches in diameter, approximately 35 linear feet of 24 inch diameter steel pipe, pipeline appurtenances, and six agricultural turnouts to provide up to 1,400 acre-feet-per-year of supplemental water to as much as 540 irrigated acres in addition to the existing 5,560 net irrigated acres. Staff successfully secured approximately $3.4 million of Proposition 84, Drought Emergency grant funds from DWR to support this important project that will provide supplemental water to more growers at the coast, further reducing groundwater extractions in the coastal area. The Board accepted final completion of the F-Pipeline Expansion Project in January 2021 however grant reimbursements may carry over into the FY21-22.

Basin Monitoring Network Improvements Project
This project is on hold for FY21-22 unless staff secure grant funds or technical assistance from DWR's Technical Support Services program. The project includes construction of new monitoring wells to better inform staff of conditions within the Basin and is included in the 2021 Cost of Service Rate Study.

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Table 12. Capital Projects Expenditures

Capital Projects July 1, 2021 to June 30, 2022						
	Basin Monitoring Improvements	**Harkins Slough Facility Upgrades**	**College Lake Integrated Resources Management Project**	**Struve Slough Diversion with Recharge Basins**	**Recycled Water Facility Upgrade, Phase III**	**Total**
Expenditures						
Salaries and Wages	5,212.09	40,865	140,482	56,268	28,161	270,989
Insurance	-	-	-	-	-	-
Taxes/Fees	-	-	10,000	25,000	-	35,000
Legal Notices & Ads	-	1,000	2,000	3,000	-	6,000
Printing	-	1,000	5,000	5,000	-	11,000
Field Supplies/Equipment	-	-	-	-	-	-
Professional Services	25,000	280,000	3,780,000	1,100,000	500,000	5,685,000
Other Fixed Assets	-	-	-	-	-	-
Legal Services	-	50,000	100,000	50,000	-	200,000
Equipment	-	-	-	-	-	-
Licensed Contractors	-	500,000	5,000,000	-	2,000,000	7,500,000
Land Acquisition	-	1,250,000	6,000,000	200,000	-	7,450,000
Crop Loss	-	-	-	-	-	-
Total Expenditures	**$ 30,212**	**$ 2,122,865**	**$ 15,037,482**	**$ 1,439,268**	**$ 2,528,161**	**$ 21,157,989**

Note: Totals may not tie due to rounding.

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Table 13. Budgeted Salary Expenditures, Fund 30, Capital Projects Detail

	Position	Total Salary & Benefits	Capital Projects Fund 30											
		Includes 10% Allowance for Non-Exempt	Basin Monitoring Improve-ments		Harkins Slough Facility Upgrades		College Lake Intergrated Resources Management Project		Struve Slough Diversion & Recharge Basins		Recycled Water Facilty Improvements		**Total**	
			%	$	%	$	%	$	%	$	%	$	%	$
	Agency Administration													
1	General Manager	293,552	1%	2,936	5%	14,678	10%	29,355	5%	14,678	2%	5,871	23%	67,517
2	Finance & Administrative Services Manager	227,657	1%	2,277	1%	2,277	5%	11,383	1%	2,277	1%	2,277	9%	20,489
3	Financial Analyst	156,353	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-
4	Administrative Analyst	154,033	0%	0	0%	-	20%	30,807	10%	15,403	0%	-	30%	46,210
5	Customer Service Rep	144,036	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-
6	Account Clerk	114,548	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-
	Operations													
1	Water Meter Program Coordinator	163,852	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2	Water System Operations Supervisor	212,839	0%	-	2%	4,257	5%	10,642	2%	4,257	5%	10,642	14%	29,798
3	Water System Operator	183,845	0%	-	0%	-	15%	27,577	0%	-	0%	-	15%	27,577
4	Vacant TBD	93,719	0%	-	12%	11,246	20%	18,744	12%	11,246	10%	9,372	54%	50,608
5	Operations-Maintenance Technician	162,656	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
6	Associate Hydrologist	188,876	0%	-	2%	3,778	2%	3,778	2%	3,778	0%	-	6%	11,333
7	Water Conservation & Outreach Specialist	118,900	0%	-	2%	2,378	5%	5,945	2%	2,378	0%	-	9%	10,701
8	Water Resources Technician	112,616	0%	-	2%	2,252	2%	2,252	2%	2,252	0%	-	6%	6,757
9	Field Technician	77,066	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
10	Maintenance Technician	78,337	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
11	Intern	21,928	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
	Total Salaries & Benefits	**2,504,812**		**5,212**		**40,865**		**140,482**		**56,268**		**28,161**		**270,989**

Note: Totals may not tie due to rounding.

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Debt Service Payments
Service Expense Group Summary

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

Note payable - 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 projects identified in the Revised BMP (2002). Principal and interest for FY20-21 amounts to $251,416, with interest at 2.4%. The final payment on this note is due September 30, 2027.

Bond Payable - 2015 Water Revenue Refunding Bonds
Water Revenue Refunding Bonds were issued in the amount of $19,970,000 in 2015 primarily to refinance 1999 Certificate of Participation and two State Water Resources Control Board Loans that were used to construct Harkins Slough Managed Aquifer Recharge and Recovery Facilities, the Coastal Distribution System, and Blend Wells. Principal and interest payments are due in semi-annual installments through March 1, 2029, at interest rates ranging from 3% to 5%. Total annual payment due is $2.3 million.

Bond Payable - 2016 Water Revenue Refunding Bonds
Water Revenue Refunding Bonds were issued in the amount of $11,435,000 in 2016 to refinance the City of Watsonville's 2007 Water Revenue Bonds for costs associated with the design and construction of the Recycled Water Facility. Principal and interest payments are due in semi-annual installments through March 1, 2036, at interest rates ranging from 2% to 5%. Total annual payment due is $806,213.

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Table 14. Debt Service Summary

Debt Service July 1, 2021 to June 30, 2022	
Expenditures	
DWR Note Payable	251,416
2015 Bond Payment Principal	1,850,000
2015 Bond Payment Interest	447,350
2016 Bond Payment Principal	460,000
2016 Bond Payment Interest	346,613
Total Expenditures	**$ 3,355,379**

Note: Totals may not tie due to rounding.

Table 15. Bond Covenant Summary

BOND COVENANT TEST		
	Bond Principal	$ 2,310,000
	Bond Interest	793,963
	Annual Payment	3,103,963
	@ 110%	3,414,359
	Water Service Revenue	14,042,500
	Water Service O&M	8,044,818
	Net Revenue	5,997,682
	Over Debt Covenant	**$ 2,583,323**

Note: Totals may not tie due to rounding.

The Bond Covenant Test shows this budget satisfies the requirements of the bond debt covenant agreements in excess of $2.6 million.