



PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: 831) 722-9292 FAX: 831) 722-3139
email: info@pvwwater.org • http://www.pvwwater.org

AD HOC FUNDING COMMITTEE MEETING

Thursday, July 25, 2013, 2:00 p.m.

Please note new location:

UC Ag Extension office, 1432 Freedom Boulevard, Watsonville

MEETING No. 3

AGENDA

Mission: A community led effort to establish a new PVWMA rate structure for funding the implementation of the recommended BMP.

1. Call to Order, Roll Call, and Introductions – New Committee Member Bios
2. Committee comments (limited to 3 minutes per person)
3. Public comments (limited to 3 minutes per person)
4. Consider approval of minutes from June 7 and July 10 committee meetings
5. Basin Management Plan Update – Lou Carella, Carollo Engineers
6. Legal Environment – Rate setting in California – Tony Condotti, PVWMA Counsel
7. Rate Setting Process – Pierce Rossum, Carollo Engineers
8. Consider regular meeting dates/times
9. Upcoming Meetings and Next Steps
PVWMA Board of Directors Meeting – August 21, 2013, 7:00 pm, City Council Chambers
Ad Hoc Funding Committee Meeting – TBD, UC Ag Extension Office
10. New Business
11. Adjourn

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 insure 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. The water management Agency 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.” This agenda is subject to revision and may be amended prior to the scheduled meeting. If amended, a Final Agenda will be posted at the PVWMA offices at 36 Brennan Street, Watsonville, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PVWMA at (831) 722-9292 during regular business hours, at least 24 hours prior to the time of the meeting.



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Ad-Hoc Funding Committee

June 7, 2013, 12:00 p.m.

36 Brennan Street

Watsonville, CA 95076

DRAFT

COMMITTEE MEETING MINUTES

1. Meeting called to order

Roll call of Appointed Committee Members: The Ad Hoc Funding Committee Meeting of the Pajaro Valley Water Management Agency was called to order in the PVWMA conference room, 36 Brennan Street, Watsonville, CA, at 12:03 p.m. by Chair Cavanaugh.

Committee Members Present: Cavanaugh (chair), Newell, Faurot

Committee Members Absent: None

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Staff Hydrologist (SH)
Teresa Delfino, Administrative Services Manager (ASM)

Others Present: Tony Condotti, Agency Counsel (AC)
Lidia Gutierrez, Gutierrez Consultants
Margie Kay, Public Member, Monterey County
Vicki Morris, General Manager, Aromas Water District
Warren Koenig, Public
Ted Remde, College Lake Reclamation District, Farmer
Frank Capurro, Capurro Farms
Gerald (Skip) Fehr, San Andreas Water Mutual
Chuck Allen, Public

2. **Committee comments:** None

3. **Public comments:** None

4. **Formation of Ad Hoc Committee:**

Chair Cavanaugh identified two potential additional committee member categories – Industrial Water User and At-Large member. There was a round table discussion regarding the committee member categories and ensuring that all water users are adequately represented in the committee.

Committee members agreed with GM recommendation for applicant vs. appointed positions.

Action: Chair Cavanaugh made a motion to add the Industrial Water User and At-Large members; Seconded by Member Faurot. All three board members approved

5. **Ad Hoc Funding Committee Mission and Goals:**

Revise Goal 3 to read, “Make recommendations to the PVWMA Board of Directors regarding the proposed rate structure”.

6. Rate Setting Process:

AC presented a brief summary of the overall rate setting process and the agencies legal requirements associated with raising rates; the differences between the rates process for groundwater vs. delivered water were described; the conservation funding limitations in the agency act and alternative approaches for dealing with that limitation were discussed. Also, significant committee discussions occurred regarding the last process including the weighting of the vote, eligible voters, and different rates based on coastal vs. inland rates.

7. Meetings and Next Steps

In order to receive Board approval of Committee recommendations, committee seating schedule has changed as follows:

Board Approval of Committee Composition	June 19, 2013	
Committee appointment/application announcement	June 20, 2013	
Applications/Preliminary appointments due	July 3, 2013	4:00 pm
Committee review and approval of applications	July 10, 2013	1:00 pm
Board approval of Committee members	July 17, 2013	
Next Regular Committee meeting (4 th Wednesday)	July 24, 2013	1:00 pm

Preliminary regular Committee meeting date fourth Wednesday of every month (tentatively 1:00 pm)

Adjourned



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Ad-Hoc Funding Committee
July 10, 2013, 1:00 p.m.

36 Brennan Street
Watsonville, CA 95076

DRAFT

COMMITTEE MEETING MINUTES

1. Meeting called to order

Roll call of Appointed Committee Members: The Ad Hoc Funding Committee Meeting of the Pajaro Valley Water Management Agency was called to order in the PVWMA conference room, 36 Brennan Street, Watsonville, CA, at 12:03 p.m. by Committee Member Amy Newell.

Committee Members Present: Amy Newell, Paul Faurot

Committee Members Absent: Dave Cavanaugh (Chair)

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Staff Hydrologist (SH)
Teresa Delfino, Administrative Services Manager (ASM)
Laura Taay, Administrative Analyst (AA)

Others Present: Chuck Allen
John E. Eiskamp
Margie Kay
Stuart Kitayama
Warren Koenig
Steve Palmisano
Stephen Rider
Kirk Schmidt

2. **Committee comments:** None

3. **Public comments:** None

4. Consider applicants for the Ad Hoc Funding Committee Seats:

Categories that received applications were:

- a. Water Mutual - Skip Fehr
- b. Coastal Landowner – Frank Capurro
- c. Inland Landowner – Dick Piexoto
- d. Coastal Water User – Stuart Kitayama
- e. Inland Water User – John E. Eiskamp
- f. Rural Resident – Ted Remde
- g. Industrial User – Stephen Rider
- h. At-Large-Chuck Allen

ACTION: Committee Member Faurot motioned for the approval of applicants 4a through 4e and 4g and 4h, with the exception of 4f. Seconded by committee member Newell. Motioned carried.

5. Receive Update on Ad Hoc Funding Committee Appointments:

- a. Landowner Group – John Martinelli
- b. City of Watsonville – Steve Palmisano
- c. Santa Cruz County Farm Bureau – tbd
- d. Monterey County Farm Bureau - tbd

6. Rate Setting Process:

- a. Brief introduction to process

2009-2010 Rate Setting Effort presentation – Brian Lockwood gave a presentation that had first been given September 2009 that summarized the rate setting effort and thought process at that time.

- b. Committee Member Faurot asked how the present lawsuit challenging the Agency’s present rate might affect the present effort. Roundtable discussion ensued. If the legality and fairness of a weighted vote fails, the Agency loses its revenue stream and the end result would likely be adjudication. The rise is large. While the City of Watsonville could take over the water supply facilities, they would have to assume roughly \$30 million in debt, which they don’t want, and they’d need to have a Prop 218 election to raise rates. If the City of Watsonville doesn’t take over, the County of Santa Cruz might, but they’d have the same issues. GM planning to ask Dick Shanahan and GC to speak on Prop 218 along with other consultants for the rate setting and engineering .

The Committee agreed: FAILURE IS NOT AN OPTION

7. Upcoming Meetings and Next Steps

The committee agreed, in general, that the fourth Thursday of the month, beginning at 2p.m. would likely work best. GM will send out a notice checking availability for the July meeting (24th or 25th).

Adjourned

Laura R. Taay, Administrative Analyst

Date Approved



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AD-HOC FUNDING COMMITTEE 2013 MEETING SCHEDULE

Fourth Thursday of each month

2:00 pm

UC Co-op Extension

1432 Freedom Blvd.

July 25

August 29

September 26

October 24

November 28 Thanksgiving Day

December 26

(PVWMA closed 4th Week of December)

AD HOC FUNDING COMMITTEE TIMELINE

TASK	2013												2014												2015															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
Establish Ad Hoc Committee Board Establish Committee Committee Application/Appoint. Board Approve Committee					X	X	X																																	
Committee Intro./Education BMP Overview Rate Setting Intro./Legal Req.							X	X																																
Consultant Selection/Contract. Issue Request for Proposals Receive/Review Proposals Consultant Contracting Board Approval								X	X	X	X																													
Rate Setting Alternatives Identify/Evaluate Alternatives Develop Recommended App. Board Approval of Recommend.											X	X	X																											
Engineering/Cost of Service Develop/Allocate Costs Delineate Zones of Service Allocate Costs by Zone Develop Property Owner Fees Prepare Draft Report Review Report Final Report Board Approval																		X	X	X	X	X	X	X																
Rate Election/Voting Materials Review Election Procedures Prepare Fee Ordinance Prepare Public Notice																							X	X	X															
Majority Protest Mail Notice 45 Day Notice Period Public Hearing Count Protests Adopt Resolution/Fee Ord.																									X	X	X	X												
Majority Vote Mail Ballot 45 Day Voting Period Canvass Ballots/Certification Adopt Election Resolution																											X	X	X	X										
Implement New Rates Board Adoption of Rates Accounting/Billing Changes New Rate Effective																																					X	X	X	X

NOTE: 1. Schedule assumes there is no majority protest and voter approval.
 2. BMP and BMP EIR scheduled for Board approval and certification in February 2014. If delayed, it could impact the start of the Rate Setting Alternatives Analysis in March 2014.