



PAJARO VALLEY WATER MANAGEMENT AGENCY

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Ad-Hoc Funding Committee
May 22, 2014, 3:00 p.m.

500 Clearwater Lane
Watsonville, CA 95076

AD-HOC FUNDING COMMITTEE MEETING #12 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 City of Watsonville Water Resources Center Conference Room, 500 Clearwater Lane, Watsonville, CA, at 3:00 p.m. by Committee Chair Dave Cavanaugh.

Committee Members Present: Dave Cavanaugh (Co-Chair), Kirk Schmidt (Co-Chair), Skip Fehr, Tom Karn, Stuart Kitayama, John Martinelli, Amy Newell, Steve Palmisano, Dick Peixoto, Stephen Rider, Frank Capurro, John E. Eiskamp

Committee Members Absent: Chuck Allen, Paul Faurot, Bill Lipe

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Senior Water Resources Hydrologist (SWRH)
Lauren Valk, Agency Counsel Substitute (ACS)

Others Present: Jackie McCloud Lou Carella
Warren Koenig Pierce Rossum
Margie Kay Paul Friedlander
Steve Stagnaro

2. **Committee Comments:** None.

3. **Public Comments:** None.

4. **Consider approval of Minutes from May 1, 2014 meeting with the following corrections:** “Margie Kay noted that she was attending meetings that made recommendations for projects with surface water of the Salinas River water rights permit to halt seawater intrusion.” John Martinelli would like the minutes to reflect that while he voted for a uniform rate structure at this time, he is still interested in pursuing a tiered rate structure in the future.

5. **Basin Management Plan Update:** Mary provided a brief update on recent activities.

6. Rates Analysis and Next Steps

Mary provided a brief update on the actions taken by the Board of Directors on Wednesday, May 22, 2014. In particular, the Board approved moving forward with a uniform rate structure in a unanimous vote with 1 member absent, and they voted in favor of conducting a study to determine the feasibility of implementing tiered rates.

Lou began the presentation and provided a recap of the prior meeting, including summarizing the two recommendations made by the AHFC: (1) Proceed with Phase II (Cost of Service Report preparation)

utilizing a uniform rate structure, and (2) Advise the Board that within 18 months the Agency must have a formal plan regarding tiered rates such that next time a committee is formed to assess rates, technical questions can be answered.

Pierce presented an overview of expenditures, revenues and reserves. The committee will be asked to provide input on a) key assumptions; b) forecasted expenditures; and c) proposed revenues. The committee engaged in a roundtable discussion concerning the appropriate time in the process to bring in delivered water revenues (slides 7& 8 focused on variations in pumped groundwater illustrative rates based on 5- and 10-year averages and full conservation). Roundtable discussion about future grant awards and the level of grant funding that should be estimated in the sample into the budget on an annual basis. Skip noted that if the Agency were to purchase and take out of production 7,000 acres of ag land in the coastal area, it could solve the problems. Kirk noted this idea was considered and dismissed by the Ad Hoc BMP Committee.

Pierce presented two different scenarios to demonstrate the difference between higher upfront increases versus lower but constant increases. Paul asked the committee for input as to which type of scenario was preferred. The committee members present voiced widespread agreement that lower but constant increases were preferred.

The committee had an extensive roundtable discussion about the assumption of what amount of pumped groundwater should be considered as the “baseline” pumping in the cost of service study. John Martinelli proposed that a value of 50,000 AF be used for the baseline. Lauren noted that the projection for water use needs to be based on something, whether it is historical usage, risk to the Agency, or otherwise. Dick suggested using 51,653 AF as is currently estimated by the Agency for use in its FY 2014-2015 budget.

Dick Peixoto proposed a motion to have estimated groundwater usage of 51,653 AF. Kirk Schmidt seconded.

Members present: Schmidt, Kitayama, Cavanaugh, Ryder, Newell, Peixoto, Eiskamp, Fehr
All present members voted in favor.

Future conservation will be subtracted from this baseline.

7. Water Quality & Operations Committee report

Due to lack of time, this item was skipped.

8. Future Agenda Items

9. Upcoming Meetings

- A. Water Quality and Project Operations Committee – May 28, 2014
- B. PVWMA Board of Directors Meeting – June 18, 2014
- B. Ad Hoc Funding Committee – June 26, 2014

10. Adjournment at 5:20 p.m.