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

**Pajaro Valley**
**Water Management Agency**

# Proposed
# Preliminary Budget
# Fiscal Year 2021-2022

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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 Agencies groundwater management program."[1] The rates for FY21-22, which remain unchanged from FY20-21, are provided Table 1, below. The Board will be considering adjusting PV Water's service charges in April 2021. The proposed new rates are also included in Table 1 for reference, but they will not be included in budget calculations until which time the Board adopts ordinances setting new rates. Augmentation charge revenue is placed in the Special Revenue Fund category. This budget includes projected revenues of $11.5 million in augmentation charges.

[1] Ordinance 2015-02, An Ordinance of the Pajaro Valley Water Management Agency Adjusting Groundwater Augmentation Charges

A delivered water charge is collected from customers who purchase the Agency's supplemental water supply. 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 FY20-21 is a flat rate of $392 per acre-foot, and remains unchanged from FY19-20[2]. Revenue generated from the sale of delivered water is placed in the Special Revenue Fund category. The budget includes projected revenues of $2.1 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 (Proposed) |
|---|---|---|
| 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] Ordinance 2015-01, An Ordinance of the Pajaro Valley Water Management Agency Adjusting Delivered Water Charges

# Table 2a. Summary by Service

| Summary by Service<br>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 | | 2,100,000 | | | | | | | |
| Augmentation Charges | | 11,500,000 | | | | | | | |
| 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** | **$ 15,535,000** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 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 | 35,879 | 773,390 | 876,854 | 333,190 | 61,506 | 49,573 | 103,083 | 288,126 | - |
| 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** | **$ 313,179** | **$ 1,050,090** | **$ 4,711,454** | **$ 1,125,690** | **$ 140,506** | **$ 508,073** | **$ 186,433** | **$ 21,175,126** | **$ 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<br>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) | 2,100,000 | 1,900,000 | 200,000 | 10.5% |
| Augmentation Charges (49,000 AF) | 11,500,000 | 12,000,000 | (500,000) | -4.2% |
| 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** | **$ 62,472,000** | **$ 21,172,000** | **$ 41,300,000** | **195.1%** |
| | | | | |
| | **FY21-22 Proposed Budget** | **FY20-21 Adopted Budget** | **$ Diff** | **% Diff** |
| **Expenditures** | | | | |
| Salaries and Wages | 2,521,573 | 2,361,673 | 159,900 | 6.8% |
| 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** | **$ 32,565,900** | **$ 21,172,000** | **$ 11,393,900** | **53.8%** |
| **Total Revenue** | **62,472,000** | **21,172,000** | **$ 41,300,000** | |
| **Excess of Revenues or (Deficit)** | **29,906,100** | **-** | **$ 29,906,100** | |

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% | 294,176 | 2% | 5,884 | 41% | 120,612 | 6% | 17,651 | 28% | 82,369 | 23% | 67,660 |
| 2 | Finance & Administrative Services Manager | 100% | 227,577 | 2% | 4,552 | 89% | 202,544 | 0% | - | 0% | - | 9% | 20,482 |
| 3 | Financial Analyst | 100% | 156,681 | 2% | 3,134 | 98% | 153,547 | 0% | - | 0% | - | 0% | - |
| 4 | Administrative Analyst | 100% | 154,326 | 2% | 3,087 | 68% | 104,942 | 0% | - | 0% | - | 30% | 46,298 |
| 5 | Customer Service Rep | 100% | 144,288 | 2% | 2,886 | 98% | 141,402 | 0% | - | 0% | - | 0% | - |
| 6 | Account Clerk | 100% | 117,776 | 2% | 2,356 | 98% | 115,420 | 0% | - | 0% | - | 0% | - |
| **Operations** | | | | | | | | | | | | | |
| 1 | Water Meter Program Coordinator | 100% | 164,131 | 0% | - | 2% | 3,283 | 98% | 160,848 | 0% | - | 0% | - |
| 2 | Water System Operations Supervisor | 100% | 213,215 | 0% | - | 1% | 2,132 | 85% | 181,232 | 0% | - | 14% | 29,850 |
| 3 | Water System Operator | 100% | 184,203 | 0% | - | 2% | 3,684 | 83% | 152,889 | 0% | - | 15% | 27,630 |
| 4 | Vacant TBD | 100% | 123,454 | 2% | 2,469 | 7% | 8,642 | 13% | 16,049 | 24% | 29,629 | 54% | 66,665 |
| 5 | Operations-Maintenance Technician | 100% | 162,926 | 0% | - | 0% | - | 100% | 162,926 | 0% | - | 0% | - |
| 6 | Associate Hydrologist | 100% | 193,085 | 0% | - | 9% | 17,378 | 12% | 23,170 | 73% | 140,952 | 6% | 11,585 |
| 7 | Water Conservation & Outreach Specialist | 100% | 123,533 | 2% | 2,471 | 76% | 93,885 | 4% | 4,941 | 9% | 11,118 | 9% | 11,118 |
| 8 | Water Resources Technician | 100% | 113,951 | 0% | - | 8% | 9,116 | 34% | 38,743 | 52% | 59,254 | 6% | 6,837 |
| 9 | Field Technician | 100% | 117,309 | 0% | - | 0% | - | 100% | 117,309 | 0% | - | 0% | - |
| 10 | Intern | 100% | 21,928 | 0% | - | 50% | 10,964 | 5% | 1,096 | 45% | 9,868 | 0% | - |
| | Total Staff Salaries/Benefits | | 2,512,558 | | 26,836 | | 987,551 | | 876,854 | | 333,190 | | 288,126 |
| | Board Members | | 9,043 | | 9,043 | | | | | | | | |
| | **Total Salaries & Benefits** | | **2,521,601** | | **35,879** | | **987,551** | | **876,854** | | **333,190** | | **288,126** |

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<br>July 1, 2021 to June 30, 2022 | | | | |
|---|---|---|---|---|
| | **Office Administration** | **Board Support** | **Outreach & Education** | **Total** |
| **Expenditures** | | | | |
| Salaries and Wages | 15,464 | 17,356 | 3,059 | 35,879 |
| 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** | **$ 237,764** | **$ 41,356** | **$ 34,059** | **$ 313,179** |

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 | 294,176 | 40% | 2,353 | 50% | 2,942 | 10% | 588 | 100% | 5,884 |
| 2 | Finance & Administrative Services Manager | 227,577 | 70% | 3,186 | 30% | 1,365 | 0% | - | 100% | 4,552 |
| 3 | Financial Analyst | 156,681 | 70% | 2,194 | 30% | 940 | 0% | - | 100% | 3,134 |
| 3 | Administrative Analyst | 154,326 | 50% | 1,543 | 50% | 1,543 | 0% | - | 100% | 3,087 |
| 4 | Customer Service Rep | 144,288 | 90% | 2,597 | 10% | 289 | 0% | - | 100% | 2,886 |
| 5 | Account Clerk | 117,776 | 100% | 2,356 | 0% | - | 0% | - | 100% | 2,356 |
| Operations | | | | | | | | | | |
| 1 | Water Meter Program Coordinator | 164,131 | 0% | - | 0% | - | 0% | - | 0% | - |
| 2 | Water System Operations Supervisor | 213,215 | 0% | - | 0% | - | 0% | - | 0% | - |
| 3 | Water System Operator | 184,203 | 0% | - | 0% | - | 0% | - | 0% | - |
| 4 | Vacant TBD | 123,454 | 50% | 1,235 | 50% | 1,235 | 0% | - | 100% | 2,469 |
| 5 | Operations-Maintenance Technician | 162,926 | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Associate Hydrologist | 193,085 | 0% | - | 0% | - | 0% | - | 0% | - |
| 7 | Water Conservation & Outreach Specialist | 123,533 | 0% | - | 0% | - | 100% | 2,471 | 100% | 2,471 |
| 8 | Water Resources Technician | 113,951 | 0% | - | 0% | - | 0% | - | 0% | - |
| 9 | Field Technician | 117,309 | 0% | - | 0% | - | 0% | - | 0% | - |
| 10 | Intern | 21,928 | 0% | - | 0% | - | 0% | - | 0% | - |
| | Total Staff Salaries/Benefits | 2,512,558 | | 15,464 | | 8,314 | | 3,059 | | 26,836 |
| | Board Members | 9,043 | | | | 9,043 | | | | 9,043 |
| | **Total Salaries & Benefits** | **2,521,601** | | **15,464** | | **17,356** | | **3,059** | | **35,879** |

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<br>July 1, 2021 to June 30, 2022 | | | | | |
|---|---|---|---|---|---|
| | **Office Administration** | **Grant Administration** | **Conservation** | **Public Outreach & Education** | **Total** |
| **Expenditures** | | | | | |
| Salaries and Wages | 773,390 | 61,506 | 49,573 | 103,083 | 987,551 |
| 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** | **$ 1,050,090** | **$ 140,506** | **$ 508,073** | **$ 186,433** | **$ 1,885,101** |

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 | 294,176 | 25% | 73,544 | 10% | 29,418 | 3% | 8,825 | 3% | 8,825 | 41% | 120,612 |
| 2 | Finance & Administrative Services Manager | 227,577 | 79% | 179,786 | 0% | - | 10% | 22,758 | 0% | - | 89% | 202,544 |
| 3 | Financial Analyst | 156,681 | 93% | 145,713 | 0% | - | 5% | 7,834 | 0% | - | 98% | 153,547 |
| 4 | Administrative Analyst | 154,326 | 63% | 97,225 | 0% | - | 5% | 7,716 | 0% | - | 68% | 104,942 |
| 5 | Customer Service Rep | 144,288 | 98% | 141,402 | 0% | - | 0% | - | 0% | - | 98% | 141,402 |
| 6 | Account Clerk | 117,776 | 98% | 115,420 | 0% | - | 0% | - | 0% | - | 98% | 115,420 |
| Operations | | | | | | | | | | | | |
| 1 | Water Meter Program Coordinator | 164,131 | 1% | 1,641 | 0% | - | 1% | 1,641 | 0% | - | 2% | 3,283 |
| 2 | Water System Operations Supervisor | 213,215 | 1% | 2,132 | 0% | - | 0% | - | 0% | - | 1% | 2,132 |
| 3 | Water System Operator | 184,203 | 1% | 1,842 | 0% | - | 1% | 1,842 | 0% | - | 2% | 3,684 |
| 4 | Vacant TBD | 123,454 | 4% | 4,938 | 2% | 2,469 | 1% | 1,235 | 0% | - | 7% | 8,642 |
| 5 | Operations-Maintenance Technician | 162,926 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Associate Hydrologist | 193,085 | 1% | 1,931 | 2% | 3,862 | 5% | 9,654 | 1% | 1,931 | 9% | 17,378 |
| 7 | Water Conservation & Outreach Specialist | 123,533 | 1% | 1,235 | 50% | 61,767 | 0% | - | 25% | 30,883 | 76% | 93,885 |
| 8 | Water Resources Technician | 113,951 | 0% | - | 2% | 2,279 | 0% | - | 6% | 6,837 | 8% | 9,116 |
| 9 | Field Technician | 117,309 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 10 | Intern | 21,928 | 30% | 6,578 | 15% | 3,289 | 0% | - | 5% | 1,096 | 50% | 10,964 |
| | **Total Salaries/Benefits** | **2,512,558** | | **773,390** | | **103,083** | | **61,506** | | **49,573** | | **987,551** |

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<br>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 | 78,242 | 399,407 | 36,834 | 22,307 | 340,064 | 876,854 |
| 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** | **261,742** | **1,061,657** | **488,334** | **2,352,307** | **547,414** | **4,711,454** |

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** | |
| | | | % | $ | % | $ | % | $ | % | $ | % | $ | % | $ |
| | Agency Administration | | | | | | | | | | | | | |
| 1 | General Manager | 294,176 | 1% | 2,942 | 1% | 2,942 | 2% | 5,884 | 1% | 2,942 | 1% | 2,942 | 6% | 17,651 |
| 2 | Finance & Administrative Services Manager | 227,577 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 3 | Financial Analyst | 156,681 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 4 | Administrative Analyst | 154,326 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 5 | Customer Service Rep | 144,288 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Account Clerk | 117,776 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| | Operations | | | | | | | | | | | | | |
| 1 | Water Meter Program Coordinator | 164,131 | 2% | 3,283 | 20% | 32,826 | 0% | - | 0% | - | 76% | 124,739 | 98% | 160,848 |
| 2 | Water System Operations Supervisor | 213,215 | 10% | 21,321 | 60% | 127,929 | 5% | 10,661 | 5% | 10,661 | 5% | 10,661 | 85% | 181,232 |
| 3 | Water System Operator | 184,203 | 10% | 18,420 | 60% | 110,522 | 5% | 9,210 | 0% | - | 8% | 14,736 | 83% | 152,889 |
| 4 | Vacant TBD | 123,454 | 3% | 3,704 | 3% | 3,704 | 3% | 3,704 | 3% | 3,704 | 1% | 1,235 | 13% | 16,049 |
| 5 | Operations-Maintenance Technician | 162,926 | 5% | 8,146 | 40% | 65,170 | 0% | - | 0% | - | 55% | 89,609 | 100% | 162,926 |
| 6 | Associate Hydrologist | 193,085 | 4% | 7,723 | 2% | 3,862 | 2% | 3,862 | 2% | 3,862 | 2% | 3,862 | 12% | 23,170 |
| 7 | Water Conservation & Outreach Specialist | 123,533 | 0% | - | 0% | - | 1% | 1,235 | 0% | - | 3% | 3,706 | 4% | 4,941 |
| 8 | Water Resources Technician | 113,951 | 6% | 6,837 | 10% | 11,395 | 2% | 2,279 | 1% | 1,140 | 15% | 17,093 | 34% | 38,743 |
| 9 | Field Technician | 117,309 | 5% | 5,865 | 35% | 41,058 | 0% | - | 0% | - | 60% | 70,385 | 100% | 117,309 |
| 10 | Intern | 21,928 | 0% | - | 0% | - | 0% | - | 0% | - | 5% | 1,096 | 5% | 1,096 |
| | **Total Salaries & Benefits** | **2,512,558** | | **78,242** | | **399,407** | | **36,834** | | **22,307** | | **340,064** | | **876,854** |

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<br>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 | 69,649 | 120,642 | 93,634 | 8,578 | 20,344 | 20,344 | 333,190 |
| 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** | **$ 239,149** | **$ 266,642** | **$ 408,634** | **$ 35,078** | **$ 74,344** | **$ 101,844** | **$ 1,125,690** |

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 | 294,176 | 3% | 8,825 | 4% | 11,767 | 10% | 29,418 | 1% | 2,942 | 5% | 14,709 | 5% | 14,709 | 28% | 82,369 |
| 2 | Finance & Administrative Services Manager | 227,577 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 3 | Financial Analyst | 156,681 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 4 | Administrative Analyst | 154,326 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 5 | Customer Service Rep | 144,288 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Account Clerk | 117,776 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| | Operations | | | | | | | | | | | | | | | |
| 1 | Water Meter Program Coordinator | 164,131 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 2 | Water System Operations Supervisor | 213,215 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 3 | Water System Operator | 184,203 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 4 | Vacant TBD | 123,454 | 2% | 2,469 | 2% | 2,469 | 15% | 18,518 | 1% | 1,235 | 2% | 2,469 | 2% | 2,469 | 24% | 29,629 |
| 5 | Operations-Maintenance Technician | 162,926 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Associate Hydrologist | 193,085 | 25% | 48,271 | 25% | 48,271 | 20% | 38,617 | 1% | 1,931 | 1% | 1,931 | 1% | 1,931 | 73% | 140,952 |
| 7 | Water Conservation & Outreach Specialist | 123,533 | 0% | - | 2% | 2,471 | 3% | 3,706 | 2% | 2,471 | 1% | 1,235 | 1% | 1,235 | 9% | 11,118 |
| 8 | Water Resources Technician | 113,951 | 5% | 5,698 | 45% | 51,278 | 2% | 2,279 | 0% | - | 0% | - | 0% | - | 52% | 59,254 |
| 9 | Field Technician | 117,309 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 10 | Intern | 21,928 | 20% | 4,386 | 20% | 4,386 | 5% | 1,096 | 0% | - | 0% | - | 0% | - | 45% | 9,868 |
| | **Total Salaries & Benefits** | **2,512,558** | | **69,649** | | **120,642** | | **93,634** | | **8,578** | | **20,344** | | **20,344** | | **333,190** |

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<br>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** | **Coastal Distribution System F-Line Expansion** | **Total** |
| Expenditures | | | | | | | |
| Salaries and Wages | 5,217.53 | 44,675 | 146,961 | 60,107 | 31,165 | - | 288,126 |
| 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** | **$ 30,218** | **$ 2,126,675** | **$ 15,043,961** | **$ 1,443,107** | **$ 2,531,165** | **$ -** | **$ 21,175,126** |

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 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital Projects | | | | | | | | | | | |
| | | 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 | 294,176 | 1% | 2,942 | 5% | 14,709 | 10% | 29,418 | 5% | 14,709 | 2% | 5,884 | 23% | 67,660 |
| 2 | Finance & Administrative Services Manager | 227,577 | 1% | 2,276 | 1% | 2,276 | 5% | 11,379 | 1% | 2,276 | 1% | 2,276 | 9% | 20,482 |
| 3 | Financial Analyst | 156,681 | 0% | 0 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 4 | Administrative Analyst | 154,326 | 0% | 0 | 0% | - | 20% | 30,865 | 10% | 15,433 | 0% | - | 30% | 46,298 |
| 5 | Customer Service Rep | 144,288 | 0% | 0 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Account Clerk | 117,776 | 0% | 0 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| | Operations | | | | | | | | | | | | | |
| 1 | Water Meter Program Coordinator | 164,131 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 2 | Water System Operations Supervisor | 213,215 | 0% | - | 2% | 4,264 | 5% | 10,661 | 2% | 4,264 | 5% | 10,661 | 14% | 29,850 |
| 3 | Water System Operator | 184,203 | 0% | - | 0% | - | 15% | 27,630 | 0% | - | 0% | - | 15% | 27,630 |
| 4 | Vacant TBD | 123,454 | 0% | - | 12% | 14,814 | 20% | 24,691 | 12% | 14,814 | 10% | 12,345 | 54% | 66,665 |
| 5 | Operations-Maintenance Technician | 162,926 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 6 | Associate Hydrologist | 193,085 | 0% | - | 2% | 3,862 | 2% | 3,862 | 2% | 3,862 | 0% | - | 6% | 11,585 |
| 7 | Water Conservation & Outreach Specialist | 123,533 | 0% | - | 2% | 2,471 | 5% | 6,177 | 2% | 2,471 | 0% | - | 9% | 11,118 |
| 8 | Water Resources Technician | 113,951 | 0% | - | 2% | 2,279 | 2% | 2,279 | 2% | 2,279 | 0% | - | 6% | 6,837 |
| 9 | Field Technician | 117,309 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| 10 | Intern | 21,928 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| | **Total Salaries & Benefits** | **2,512,558** | | **5,218** | | **44,675** | | **146,961** | | **60,107** | | **31,165** | | **288,126** |

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<br>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 | 13,600,000 |
| | Water Service O&M | 8,035,395 |
| | Net Revenue | 5,564,605 |
| | **Over Debt Covenant** | **$ 2,150,246** |

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 $2.1 million.