



**ADMINISTRATION & FINANCE COMMITTEE  
MEETING MINUTES of  
Tuesday, December 12, 2023, 3:00 p.m.  
PV Water, 36 Brennan Street, Watsonville**

Chair Culbertson called the meeting to order at 3:03 p.m.

1. **Roll Call of Committee Members:**

Committee Members Present: Bob Culbertson (Chair), Stephen Rider (Vice Chair), Amy Newell

Staff Present: Brian Lockwood, General Manager (GM), Nancy Trevino (FASM), Priscilla Sanchez (FA)

Others Present: None

2. **Director Comments:** Director Newell commented that Coral Davenport, a NY Times reporter was on assignment writing an article about farming and ground water in the Pajaro Valley; Ms. Davenport interviewed Director Newell, GM Lockwood and others.

3. **Public Comments:** None

4. **Consider Approving Minutes of November 7, 2023, Committee Meeting:**

**Action:** Director Newell requested to correct the prior meeting minutes to reflect committee members present as Culbertson and Newell; Director Rider was absent. Also, Item 6, should remove the voting of Director Rider who was absent. Director Newell then moved to approve the November 7, 2023, meeting minutes with requested changes; seconded by Director Culbertson.

The motion carried following vote:

Ayes: **Culbertson, Newell**

Noes: **None**

Abstain: **Rider**

Absent: **None**

5. **Consider Proposed Employee Handbook Updates:**

GM Lockwood provided some historical context, explained the most significant changes to the Employee Handbook and summarized the Employee Organization's (EO) requests from 2020 and 2023 respectively. Since it has been several years since the Handbook was last updated, most of the proposed changes relate to compliance

with current California labor law. A roundtable discussion of proposed revisions and EO requests ensued.

**Action:** Director Rider moved to accept proposed changes to the Employee Handbook and present the 2023 EO requests in closed session; seconded by Director Newell.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

6. **Consider Updating Cash Reserve Policy for Fiscal Year Ending June 30, 2024:**

GM Lockwood updated the Committee with NHA's recommendation to increase the Agency's rate stabilization reserve so that the Agency shows a stronger cash position and credit rating for future debt acquisition. GM Lockwood clarified the use of actual forecasted expenditures in lieu of budgeted expenditures to calculate the total cash reserve, which allows the Agency to increase the rate stabilization reserve to \$1M, effective immediately.

**Action:** Director Rider moved to accept the updated cash reserve policy ending June 30, 2024, with the following condition that the Agency work to increase the rate stabilization fund to \$1.5M by 2029, and recommend the Board approve and place on the consent agenda; seconded by Director Rider.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

7. **Consider 2022 Annual Report:**

GM Lockwood introduced the 2022 Annual Report. Director Newell recommended that Directors be included as having served on the Ad Hoc College Lake Adaptive Management Plan Committee. Director Newell also recommended that the section on telemetry meters be clarified to minimize confusion with turnouts. Director Newell also stated that the charts, which track precipitation, on Page 23, are identical and should be corrected to reflect accurate information.

**Action:** Director Newell moved to accept the 2022 Annual Report, with proposed changes, and recommend that the Board approve, and place on the consent agenda; seconded by Director Rider.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

8. **Consider Amendment to Agreement with SWCA for College Lake Integrated Resources Management Project Environmental Monitoring and Permit Compliance During Construction:**

GM Lockwood explained the work SWCA has been doing to support the College Lake Project, the reasons for the amendment to the agreement, and responded to questions from the Committee.

**Action:** Director Newell moved to recommend that the Board approve the first amendment to the agreement with SWCA for CLIRM project environmental and permit compliance during construction; seconded by Director Rider.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

9. **Consider Budget for Watsonville Slough System Hydrologic Monitoring Services with Balance Hydrologics**

GM Lockwood summarized the scope and budget for the Committee. Director Newell recommended consistency of using either Sloughs Study Area or Watsonville Slough System for clarity.

**Action:** Director Rider moved to accept the budget for WSSHM services with Balance Hydrologics and recommend that the Board approve and place on the consent agenda; seconded by Director Newell.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

10. **Consider First Amendment to Agreement with NHA WIFIA Loan Support Services**

GM Lockwood summarized the work NHA has completed in support of PV Water to-date, including work related to the WIFIA loan. PV Water staff, in consultation with

Environmental Protection Agency staff, and consultants, has determined a need to split the original WIFIA loan into two separate loans. This first amendment is to fund the additional work necessary to complete the loan applications.

**Action:** Director Rider moved to accept the first amendment with NHA for WIFIA loan support services and recommend the Board approve and place on the consent agenda; seconded by Director Newell.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**  
Noes: **None**  
Abstain: **None**  
Absent: **None**

**11. Consider Agreement for Legal Services with Jones Hall, A Professional Law Corporation, for Special Counsel Services in Connection with Water Revenue Certificates of Participation and WIFIA Loans:**

GM Lockwood reiterated Jones Hall as special bond counsel, and how they work closely with NHA. Due to the splitting of the original WIFIA loan into two loans, this contract extends the scope of work to cover the additional work.

**Action:** Director Newell moved to accept the agreement with Jones Hall, A Professional Law Corporation, for Special Counsel Services in connection with Water Revenue Certificates of Participation and WIFIA Loans, and recommend the Board approve and place on the consent agenda; seconded by Director Rider.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**  
Noes: **None**  
Abstain: **None**  
Absent: **None**

**12. Consider Accepting Financial Reports:**

FASM Trevino provided an overview of the Financial Reports, highlighting the current cash position. Director Newell asked to re-clarify the process of drawing down funds from BNY Mellon and if the Construction Manager reviews the CLP construction invoices for accuracy. FASM Trevino explained the draw down process and how invoices are paid. GM Lockwood confirmed that the Construction Manager does review CLP invoices.

**Action:** Director Rider moved to accept the financial reports and recommend that the Board approve and place on the consent agenda; seconded by Director Newell.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

**13. Consider Accepting Cash Flow Reports:**

FASM Trevino updated the Committee regarding the A/R Aging Report outstanding balance of \$616K as of November 30, 2023, that several large payments have since been received to reduce the overall outstanding balance to date. The 120+ Day balances continue to be pursued by staff and legal action to collect payment.

**Action:** Director Newell moved to accept the cash flow reports and recommend the Board approve and place on the consent agenda; seconded by Director Rider.

The motion carried following vote:

Ayes: **Culbertson, Newell, Rider**

Noes: **None**

Abstain: **None**

Absent: **None**

**14. Discuss Future Agenda Items and Next Meeting Date:** The Committee recommended the following future agenda items including the review of by-laws, appointments of chair and vice chair. The next regular meeting date is set for Tuesday, January 9, 2024, 3:00 p.m.

Adjournment: 4:55 p.m.