PAJARO VALLEY WATER MANAGEMENT AGENCY

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ADMINISTRATION & FINANCE COMMITTEE MEETING MINUTES of Tuesday, May 7, 2024, 3:00 p.m. PV Water, 36 Brennan Street, Watsonville

Chair Culbertson called the meeting to order at 3:01 p.m.

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

   Committee Members Present: Bob Culbertson (Chair), Abel Sanchez (Vice Chair), Amy Newell
   Staff Present: Brian Lockwood, General Manager (GM)(Remote), Nancy Trevino (FASM), Priscilla Sanchez (FA)
   Others Present: Robert Rodoni

2. **Director Comments:** Director Newell commented on her attendance at Jesus "Chuy" Martinez's retirement party.

3. **Public Comments:** Mr. Rodoni commented on the difference between the augmentation charges and the delivered water rates.

4. **Consider Approving Minutes of April 9, 2024, Committee Meeting:**
   Action: Director Newell moved to approve the April 9, 2024, meeting minutes with suggested changes to Director Culbertson's comment to say "Zone 7 residents voted to pay their taxes & fees to the Pajaro Regional Flood Management Agency to implement the maintenance of the levee system"; seconded by Director Sanchez.

   The motion carried following vote:

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

5. **Consider Actions Related to Watsonville Slough System Managed Aquifer Recharge & Recover Project: Amendment to Agreement with EKI Water & Environment, Inc. for Recovery Well and Monitoring Well Support Services, in and Amount Not to Exceed $44,900, and Agreement with Piini Realty for Property Appraisal Services in and Amount Not to Exceed $32,500**
   GM Lockwood summarized both items for the Committee, stating that EKI has already been assisting with the permitting of wells for the College Lake Project and the Watsonville Slough System Managed Aquifer Recharge & Recovery Project.

Pertaining to property appraisal services, GM Lockwood stated that PV Water's General Counsel, ABC Law, issued a Request for Proposals for appraisal services and received three proposals. PV Water's property team selected Piini Realty as the most qualified and best fit to complete the work.

Action: Director Newell moved to recommend the Board approve the amendment to agreement with EKI Water & Environment, Inc. for Recovery Well and Monitoring Well Support Services, in and Amount Not to Exceed $44,900; seconded by Director Sanchez. Director Sanchez moved to recommend the Board approve the Agreement with Piini Realty for Property Appraisal Services in and Amount Not to Exceed $32,500; seconded by Director Newell.

The motion carried following vote:

Ayes: **Culbertson, Sanchez, Newell**
Noes: **None**
Abstain: **None**

6. **Consider Water Awareness Project with the Santa Cruz County Fairgrounds Foundation in an Amount Not to Exceed $12,000**
GM Lockwood explained May is water awareness month, and PV Water is pursuing a collaborative xeriscape garden and irrigation project with the Santa Cruz Fairgrounds Foundation highlighting native plants, water resource awareness and conservation. Mr. Rodoni asked if PV Water would be contributing a partial amount of the total cost and FASM Trevino responded in the affirmative.

Action: Director Newell moved to recommend the Board approve the Water Awareness Project with the Santa Cruz County Fairgrounds Foundation in an Amount Not to Exceed $12,000; seconded by Director Sanchez.

The motion carried following vote:

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

7. **Consider Proposed Budget Amendments for Fiscal Year Ending June 30, 2024:**
FASM Trevino provided a summary of proposed budgetary amendment highlights for FY23-24, speaking to items related to revenue and expenditures. Mr. Rodoni asked how PV Water can reduce the wages budget line item by $251,000 and FASM Trevino explained the reduction results from monitoring actual expenditures, accounting for attrition, and accounting for any budgetary excess.

Action: Director Newell moved to recommend the Board approve the proposed budget amendments for fiscal year ending June 30, 2024; seconded by Director Sanchez.

The motion carried following vote:

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

8. **Consider Preliminary Budget for Fiscal Year Ending June 30, 2025:**
GM Lockwood reminded all present that this item was approved by the Board of Directors at the April 17th, 2024, meeting so the purpose of this item is for public comment. The preliminary budget for FY24-25 will be going before the Board for final adoption in the next Board meeting held on May 15, 2024.

Action: None – review only

9. **Consider Approval of Engagement with C.J. Brown & Company CPAs for Annual Audit Services for Fiscal Year Ending June 30, 2024, in an Amount Not to Exceed $32,853:**
GM Lockwood explained that in addition to the standard annual audit, the auditors will conduct a required specific audit, called a single audit, due to PV Water's securing federal funding with the closing of the two WIFIA loans. The fee for the single audit is $7,844. FASM Trevino explained the process and timeline the auditors follow to complete the annual external audit. Mr. Rodoni asked if the audit results are shared with the Board of Directors and FASM responded in the affirmative.

Action: Director Sanchez moved to recommend the Board approve the Engagement with C.J. Brown & Company CPAs for Annual Audit Services for Fiscal Year Ending June 30, 024, in and Amount Not to Exceed $32,853; seconded by Director Newell.

The motion carried following vote:

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

10. **Consider Accepting Quarterly Reports:**
FASM Trevino highlighted notable variances in the budget vs. actual report and its justification for the FY23-24 preliminary budget amendments. FASM Trevino highlighted how this report shows where PV Water stands as three quarters of the fiscal year are now completed, and also spoke to the contract commitments report.

Action: Director Newell moved to accept the quarterly billing reports and recommend the Board approve them; seconded by Director Sanchez.

The motion carried following vote:

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

11. **Consider Accepting Financial Reports:**
FASM Trevino described the overall cash position of PV Water, sharing the notable interest earnings for which the rates have continued to increase. The decrease in cash represents PV Water's direct contributions to the College Lake Project as directed by decision of the Board of Directors.

Action: Director Sanchez moved to accept the financial reports and recommend the Board approve them; seconded by Director Newell.

The motion carried following vote:

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

12. **Consider Accepting Cash Flow Reports:**
FASM Trevino spoke to the accounts receivable outstanding balance of $435K, showing PV Water received substantial receipt of payment for the March billing. Balances over 120 days continue to be related to repeat delinquent customers. GM Lockwood noted a settlement of one customer account which is not reflected in the March report. Mr. Rodoni pointed out that PV Water billed more at this time last year than was billed in the current year. Mr. Rodoni asked if PV Water received interest from the delinquent customer who reached a settlement and GM Lockwood spoke briefly on the generalities of the settlement agreement. Mr. Rodoni asked if the Board of Directors have considered shutting off water to customers with balances over 120 days and GM Lockwood explained that the Board is not involved since the wells are privately owned.

Action: Director Newell moved to accept the cash flow reports and recommend the Board approve them; seconded by Director Sanchez.

The motion carried following vote:

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

13. **Discuss Future Agenda Items and Next Meeting Date:** There are no new future agenda items. The next regular meeting date is set for Tuesday, June 11, 2024, 3:00 p.m.

    Adjournment: 3:49 p.m.