PAJARO VALLEY WATER MANAGEMENT AGENCY

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ADMINISTRATION & FINANCE COMMITTEE MEETING MINUTES of Tuesday, June 11, 2024, 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), Abel Sanchez (Vice Chair), Amy Newell
   Staff Present: Brian Lockwood, General Manager (GM), Nancy Trevino (FASM), Priscilla Sanchez (FA)
   Others Present: Robert Rodoni

2. **Director Comments:** None

3. **Public Comments:** None

4. **Consider Approving Minutes of May 7, 2024, Committee Meeting:**
   Action: Director Newell moved to approve the May 7, 2024, meeting minutes; seconded by Director Sanchez.

   The motion carried following vote:

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

5. **Consider Agreement with Montgomery & Associates for Construction Management Services at Blend Well 4 and Domestic Well in an Amount Not to Exceed $166,020**
   GM Lockwood explained the Agency, as part of the CLP project, will drill 2 wells near the field office at 76 Holohan Rd. One will a new supplemental water well and the other a smaller domestic well that will provide water to the field office, the water treatment plant, and rental home in the event of an emergency. Montgomery & Associates has the expertise to partner with Agency to provide construction management support for the well drilling project. Mr. Rodoni asked why the Agency isn't tapping into City of Watsonville water, due to its reliability. GM Lockwood responded that this solution had been evaluated and ruled out for reasons including but

not limited to the fact that the 76 Holohan Rd. property is outside of the City of Watsonville's limit and as a result, the City's pipeline's do not extend to the site.

Action: Director Newell moved to recommend the Board approve the agreement with Montgomery & Associates for construction management services at Blend Well 4 and domestic well in an amount not to exceed $166,020; seconded by Director Sanchez.

The motion carried following vote:

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

6. **Consider the Cash Reserve Policy**
GM Lockwood explained how the rate stabilization fund is shown to increase gradually by $100K per year over five years to reach the desired amount. FASM explained that the Committee may choose to keep the reserve unchanged, however, the Agency re-calculates the entire reserve and all components therein annually. Director Newell asked when the Agency can use the reserved funds and for what purpose. GM Lockwood clarified when and how the Agency can use these funds if it chooses to do so. Mr. Rodoni supported the idea that emergency issues should be covered by the cash reserve.

Action: Director Sanchez moved to recommend the Board approve the updated cash reserve policy; seconded by Director Newell.

The motion carried following vote:

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

7. **Consider the Investment Policy**
GM Lockwood explained the committee last reviewed this policy in June of 2023. There have been no changes to the policy since then. However, upon review of the policy by Director Culbertson, there may need to be some minor changes to the language surrounding the responsibilities and authorized actions of the positions held. Mr. Rodoni suggested obtaining legal counsel and writing in "appointed Board Members" in lieu of staff so that when attrition occurs, the Agency isn't left without an authorized representative.

Action: Director Newell moved to table this item to the July Admin. Finance Committee Meeting; seconded by Director Culbertson.

The motion carried following vote:

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

8. **Consider Resolutions Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees)**
GM Lockwood explained this is a standard item brought before the committee annually. He also explained that Monterey County requested a specific resolution this year, separate from the resolution for Santa Cruz and San Benito Counties. Director Sanchez asked if the fee ever sunsets to which GM Lockwood replied in the negative. Mr. Rodoni stated that Monterey County is attempting to consolidate fees on tax bills which could be why they requested a separate resolution.

Action: Director Sanchez moved to recommend the Board approve the resolutions certifying compliance with state law with respect to the levying of general and special taxes, assessments, and property-related fees and charges (management fees); seconded by Director Newell.

The motion carried following vote:

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

9. **Consider Accepting Financial Reports:**
FASM Trevino explained the Agency's cash position ending April 30, 2024, showing $20M in total. BNY Mellon's cash balance has been identified as erroneous and has been corrected to $196. FASM Trevino also explained how the WIFIA loans are managed directly by the EPA, in lieu of BNY Mellon, since the WIFIA loans are not cash in bank accounts.

Action: Director Newell moved to accept the financial 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**

10. **Consider Accepting Cash Flow Reports:**
    FASM Trevino explained the aging accounts receivable 3-month trend which shows the Agency has received most of the March billing, with a balance of under $30K outstanding. The balance over 120 days grew slightly, resulting from repeat offending customers. FASM Trevino stated the positive cash recovery resulting from legal counsel sending demand letters to delinquent customers. The remainder of the report activity shows AP May disbursements. Mr. Rodoni asked when the Agency makes public record of the delinquent customer accounts with balances over 120 days. GM Lockwood explained the Agency currently does not publicly share this information, but liens are public record.

    Action: Director Sanchez moved to accept the cash flow 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**

11. **Discuss Future Agenda Items and Next Meeting Date:** Revision of the Investment Policy is a future agenda item. The next regular meeting date is set for Tuesday, July 9, 2024, 3:00 p.m.

    Adjournment: 3:58 p.m.