



PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: (831) 722-9292 • FAX: (831) 722-3139
email: info@pvwater.org • <http://www.pvwater.org>

Board of Directors Meeting
February 18, 2015 7:00 p.m.

City Council Chambers
275 Main Street, 4th Floor
Watsonville, CA 95076

BOARD MEETING MINUTES

1. Call to Order: The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order at 7:05 p.m. by Chair Imazio, in the City Council Chambers, 275 Main Street, 4th Floor, Watsonville, CA.

2. Oath of Office was administered to Director Lynn

3. Roll call of the PVWMA Directors:

Board Members Present: Imazio, Cavanaugh, Persoff, Lynn, Newell, Faurot

Board Members Absent: Zamora

Staff Members Present: Mary Bannister, General Manager (GM)
Brian Lockwood, Sr. Water Resources Hydrologist (SWRH)
Teresa Delfino, Administrative Services Manager (ASM)
Others Present: Anthony Condotti, Agency Counsel (AC)
Lidia Gutierrez (Grant Administrator)
Craig Hill (Financial Advisor)
Scott Ferguson (Bond Council)
Nicole Beck (2nd Nature Consultant)
Kirk Schmidt (Public)
Tom Rider (Public)
Warren Koenig (Public)

4. Pledge of Allegiance

5. Oral Communications: None

6. Director Comments: Director Cavanaugh shared information he had read in Ag Alert, including \$50 million in Drought relief funds available from the Bureau of Reclamation to assist with the increase of efficiency of available water. Director Newell, attended the 1st meeting of Basin Implementation Group, (BIG), and GM was also in attendance. Director Newell said it was very technical. Director Newell shared information regarding the joint powers authority, originally signed in 1995, between Central Water District (CWD) and Soquel Creek Water District (SCWD) to develop ground water management plan. There was an amendment in 2009 and BIG is proposing another amendment which would expand the group to include the City of Santa Cruz, Santa Cruz County and PVWMA. It was clear that the City of Santa Cruz and the County of Santa Cruz would be joining.

There would be a provision for allocating costs for projects undertaken and incurred with SCWD paying 70% and the three other agencies paying 10% each. There was some confusion if PVWMA had decided to join, Director Newell let the group know that PVWMA has not taken a position as of yet. She noted that BIG is transitioning to become a Groundwater Sustainability Agency, as called for in the Sustainable Groundwater Management Act, and that we will be discussing the process of PVWMA becoming a Groundwater Sustainability Agency. Also discussed at the meeting was groundwater modeling, similar to our groundwater basin model, which has been completed. Director Newell shared her experience in having attended the Water 101 class, February 19, 2015, in Sacramento. Top level speakers gave presentations on an understandable level. She encouraged other directors to attend next year's course.

Director Persoff attended Zone 7 Flood Control meeting on January 21, 2015. He raised many issues regarding salt water intrusion and flooding. He also discussed issues with College Lake water. Director Persoff would like to see the formation of a lower Pajaro flooding farm land study group.

7. Counsel Report: None

8. General Manager Report: GM reviewed the Bureau of Reclamation's Title XVI Watershed grant, stating that the original amount awarded to PVWMA was \$20 million, \$18.2 million has been paid. We recently received an email asking for clarification of information on the \$1.8 final payment to PVWMA. The Bureau has gotten us through the initial clearing and they are currently finalizing award recommendations. If received, the money will be put into the interest bearing account with the City of Watsonville to pay down and refinance city debt. GM announced that San Benito County Water District (SBCWD) received grant funding to build a recycle water facility pilot level plant. Sara Singleton, Assistant General Manager and three other staff members from SBCWD, recently met with Shinehah Bigham, Water Systems Operator, at the recycled water facility. They were impressed with her knowledge and organization in the information she shared with them. Ms. Singleton said SBCWD walked away with good ideas and many questions answered. SBCWD would like to be included in PVWMA's next irrigators meeting, which will be on March 24, 2015. GM shared an invitation with BOD's from Stanford University, Water in the West, seminar, Wednesday, March 4, 7p.m. – 9p.m. ACWA, Region V, sent an invite to attend two day training, Santa Clara County Water District, March 22, 23, 2015. GM, AAC Valk, Director Persoff and Frank Capurro, attended the College Lake Reclamation District (CLRD) Board of Director's meeting, February 6, 2015, held in the conference room of CLRD attorney's, Wittwer & Parkin, LLP, 147 River Street South, Santa Cruz, CA. GM reported that one of three CLRD Directors, has resigned. Allan Harryman and Tony Lazarro are the remaining two.

9. Consent Agenda

- A. Approved December 17, 2014, January 21, 2015 and February 4, 2015 Minutes
- B. Approved Financial Reports for January 2015
- C. Received Capital Projects Planning and Funding Update
- D. Approved Fiscal Year 2014-2015 Budget Amendment

Action: Director Newell moved to approve the Consent Agenda; seconded by Director Cavanaugh

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Faurot
NOES: None
ABSENT: Zamora
ABSTAIN: None

10. Informational Items**A. Receive Salt & Nutrient Management Plan Update**

SWRH presented the history of the Salt & Nutrient Management Plan which began in 2012. The need for the project was reviewed, the plan was developed through stakeholder workshops. SWRH reported that Tasks 1 – 4 of the project are finished and we will have a stakeholder workshop in June or so to complete the plan. Follow up comments were made by Board and Public. Power point is available on our website at www.pvwater.org. It was recommended by GM that Informational Items 10, B and C be moved below the entire section of Item 11 Discussion and/or Action Items. Chair Imazio agreed.

11. Discussion and/or Action Items**A. Consider renewal of contract with Gutierrez Consultants for Proposition 50 Program Administration and transfer of grant budget to CDS**

Consultant Gutierrez gave a presentation on the history and current status of the Proposition 50 IRWM Grant. Power point is available on our website at www.pvwater.org

Gutierrez reported that \$2.4 million remains in the Soap Lake Project budget. She stated that the grant will expire on March 31, 2016. If they don't use the budget, we hope to transfer it to PVWMA projects. In addition, the grant included \$1,244,511 to reimburse PVWMA for all costs associated with grant administration. The actual administration are significantly below estimates, resulting in a projected remaining grant administration balance of \$595,843. PVWMA would like to work with DWR to transfer the balance to another approved Proposition project, the new K-1 Line and Blend Well Distribution Pipeline.

Director Cavanaugh praised Ms. Gutierrez for her work efforts in obtaining grant money and appreciates the assistance she has given to our agency.

Action: Director Cavanaugh moved to approve the contract renewal for \$130,780 with Gutierrez Consultants and direct staff to process Prop 50 grant amendment; seconded by Director Persoff

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Faurot
NOES: None
ABSENT: Zamora
ABSTAIN: None

B. Consider approval of Resolution 2015-03 authorizing the Issuance and Sale of Water Revenue Refunding Bonds to Refinance Outstanding Obligations

Craig Hill, with NHA Advisors reviewed the upcoming refinancing activities and Scott Ferguson, with Jones Hall Bond Counsel explained the loan refinancing transaction and stated the Resolution provides the framework of the transaction. It is a major step in approving the refinancing of agency debt, locking in terms and parameters of the financing. Disclosure documents have not been completed and will be brought back to a future board meeting for Board approval.

Action: Director Cavanaugh moved to approve Resolution 2015-03 authorizing the Issuance and Sale of Water Revenue Refunding Bonds to Refinance Outstanding Obligations and approve related documents and actions; Seconded by Director Faurot

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Faurot
NOES: None
ABSENT: Zamora
ABSTAIN: None

C. Consider Candidates for LAFCO Special District Member

Board reviewed candidate applications and passed on to Board Chair Imazio to make final decision to cast vote for one candidate

Action: Director Newell moved to empower Chair to cast vote for Special District Representative to LAFCO board; Seconded by Director Persoff

Motion carried by the following voice vote:

AYES: Imazio, Cavanaugh, Persoff, Lynn, Newell, Faurot
NOES: None
ABSENT: Zamora
ABSTAIN: None

Continuance of Item 10. Information Items;

B. Receive Update on Funding PV Water Solutions under Proposition 218

GM spoke about the history of the Augmentation charges. She noted they began in 1994, with ordinances that have established adjusting water charges. GM also discussed the efforts of establishing committees, comprised of staff and community members, to assist in developing new rates to fund the projects recommended by the Ad Hoc Basin Management Plan Committee. In January 2015, the Board adopted the Final Service Charge Report. The purpose of the Service Charge Report, which was developed following the principles established by the American Water Works Association and applies the same methodology supported in the Pendry-Griffith decision, is to evaluate, explain, and substantiate the Agency's proposed augmentation and delivered water charges. The Report also serves to provide the documentation necessary to meet Proposition 218 and other legal requirements. GM discussed the timetable of required steps to implement the new rate schedule. In addition, she talked about the format of the public meetings along with other informational material.

C. Receive Presentation on the Sustainable Groundwater Management Act (SGMA) process and approach

SWRH presented discussion of various aspects of the SGMA, how they relate to PVWMA, and what PVWMA should be considering as the State moves forward with implementing the SGMA.

The power point summarizing this issue can be found on our website at www.pvwater.org

12. Monthly Reports/Presentations

A. Facility Operations Report

1. Receive Supplemental Water Production Monthly Summary Report

B. Board Committee Reports available www.pvwater.org

C. Public Outreach Update

13. Written Communications/Correspondences

14. Future Meetings

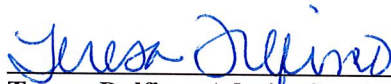
- A. Projects and Facility Operations Committee - February 25, 2015, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville, CA
- B. Administrative/Finance Committee – March 10, 2015, 12:30 p.m. – 1:30 p.m., PVWMA Conference Room, 36 Brennan Street, Watsonville, CA
- C. Board of Directors – March 18, 2015, 7:00 p.m., City Council Chambers, 275 Main Street, 4th Floor, Watsonville, CA
- D. Projects and Facility Operations Committee – March 25, 2015, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville, CA

15. Future Agenda Items

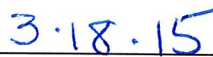
16. Closed Session

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
(Govt. Code §54957)
Title: General Counsel

Adjourned at 9:26 p.m.



Teresa Delfino, Admin. Services Manager



Date Approved