PAJARO VALLEY WATER MANAGEMENT AGENCY
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Board of Directors Meeting
September 20, 2017, 7:00 p.m.

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

BOARD MEETING MINUTES

IT system was down for the duration of board meeting.
No microphones, recordings or power point presentations were available.

1. **Call to Order:** The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order at 7:07 p.m. by Chair Imazio, in the City Council Chambers, 275 Main Street, 4th Floor, Watsonville, CA.

2. **Roll call of the PV WATER Directors:**

Board Members Present:	Imazio, Newell, Lynn, Cavanaugh (arrived 7:23), Zamora, Bussey, Culbertson
Board Members Absent:	None
Staff Members Present:	Brian Lockwood, General Manager (GM) Laura R. Taay, Board Secretary Teresa Delfino, Finance and Administrative Services Manager (FASM) Marcus Mendiola, Water Conservation and Outreach Specialist (WCOS)
Others Present:	Lauren Valk Wills, Agency Counsel (AC) Alan Lilly, Agency Special Counsel (ASC) Lou Carella, Consultant, Carollo Engineers Danielle Green, Consultant, Covello Group Jill Hamilton, Consultant, ESA Erin McCarthy, Consultant Gary Kittleson, Consultant, KEC Steve Stagnaro, Consultant, Stagnaro Strategic Marketing John Ricker, County of Santa Cruz Chris Coburn, RCD-SCC Patrick McCormick, LAFCO John Diffenbaugh, CLRD Board Member Nathan Beccera, Public Warren Koenig, Public Ted Remde, Public

Tom Rider, Public

3. **Pledge of Allegiance**

4. **Oral Communications:** Patrick McCormick, Executive Director, LAFCO, introduced himself to board of directors, staff and public. Mr. McCormick is working on a service review of Pajaro Valley Water Management Agency as is periodically required. A report will be published in 2018 for public review.

5. **Director Comments:** None

6. **Counsel Report:** AC Wills returned from maternity leave.

7. **General Manager Report:** GM Lockwood announced the birth of Financial Analyst Nancy Trevino's first grandchild born Friday, September 15. Both daughter and granddaughter doing well. Reminder to Directors of November board meeting will be on the third Monday of November (11/20) due to Thanksgiving holiday.

8. **Consent Agenda**
   A. Approve July 19, 2017 Minutes (August meeting was cancelled)
   B. Approve Financial Reports for July 2017
   C. Approve Financial Reports for August 2017
   D. Approve Stale Dated Check Policy
   E. Approve Annual Report for 2015
   F. Approve Annual Report for 2016
   G. Approve Staff Recommendation for Budget Augmentation and Time Extension of the Agreement with The Covello Group for Construction Management Services for the Recycled Water Storage and Distribution Pump Station Improvements Project
   H. Approve Staff Recommendation for No-Cost Time Extension of the Agreement with Erin McCarthy for Agricultural Water Conservation Services
   I. Approve Staff Recommendation for No-Cost Time Extension of the Agreement with the Resource Conservation District of Santa Cruz County for the grant funded Drought Response Irrigation Program (DRIP) Technical Assistance

   Director Newell moved for Items 8E and 8F to be pulled for separate discussion. Director Newell also mentioned that for Item 8D, a corrected Stale Dated Resolution was included this evening in Director folders.

   Action: Director Newell moved to approve the Consent Agenda, Items 8 A-D & G-I; seconded by Director Lynn.
   Motion carried by the following voice vote:

AYES:	Imazio, Newell, Lynn, Cavanaugh, Zamora, Bussey, Culbertson
NOES:	None
ABSENT:	None
ABSTAIN:	None

   Items 8 E & F; Director Newell thanked staff for getting two Annual Reports completed in one-year. Reports were pulled due to the way the audited financial statements represented the bond refinancing. **Action**: Director Newell moved to recommend this item be tabled to allow time for corrections of the Annual Reports then return to the board. Seconded by Director Lynn.

Motion carried by the following voice vote:

AYES:	Imazio, Newell, Lynn, Cavanaugh, Zamora, Bussey, Culbertson
NOES:	None
ABSENT:	None
ABSTAIN:	None

Action: Director Newell made a motion to move Items 11C and 9A up to follow the Consent Agenda. Seconded by Director Culbertson

Motion carried by the following voice vote:

AYES:	Imazio, Newell, Lynn, Cavanaugh, Zamora, Bussey, Culbertson
NOES:	None
ABSENT:	None
ABSTAIN:	None

11. **C.** Public Outreach Update

WCOS Mendiola gave an update on various outreach efforts he and staff have participated in since the last board meeting. Advertising for tonight's meeting was done in the Register-Pajaronian and La Especial Ganga. PV Water Facebook had 1,850 people read about this meeting/event.
PV Water preparing more outreach/conservation material in Spanish.

9. Informational Items

A. Receive Construction Summary of the Recycled Water Storage and Distribution Pump Station Improvements Project

GM Lockwood provided an update on SRF/Prop1 funds.
SRF Disbursement Request #3 was approved in the amount of $291,982. To date:

- Q3 2016 - $390,754
- Q4 2016 - $388,570
- Q1 2017 - $291,982
- Total = $1,071,306 (all in Prop 1 Grants)

Danielle Green, Construction Manager, The Covello Group, was introduced and she presented a wrap up presentation of the Recycled Water Storage and Distribution Pump Station Improvements Project.
The 1.5 million gallon tank is operational and already making a difference to staff and farmers. GM Lockwood noted that when a power failure occurred a couple weeks ago at the office, staff lost communication with the Recycled Water Facility (RWF), but because of the additional storage, the facility continued to produce recycled water through the night and store it for distribution in the morning. Staff previously delivered water 24/7 during the summer; now staff has been able to reduce the time delivered from 24 hours to 18 hours per day, taking strain off staff and famers who had to be awake in the middle of the night. Danielle illustrated the dimensions of the new tank by comparing the diameter of the tank to a baseball diamond (as playoffs are coming up), the size would almost cover the infield entirely at 123 feet in diameter. The height of the tank is tall enough for giraffes to stand comfortably as they are only 18 feet tall and the tank is 25 at the center. In addition, 400 truckloads of dirt was removed and the length of all of the trucks would reach from the RWF to PV Water office then to the Watsonville airport. The amount of steel that went into the structure was equal to the weight of a Boeing 757 full of people and fuel. It rained

more than expected which delayed the project by 63 days. Even with weather delays project costs did not exceed $5 million. Change orders are still currently less than 5%.
Ms. Green gave a special thank you to Water System Operations Supervisor Chuy Martinez, his staff and the City of Watsonville staff for a great team effort by all.

10. Discussion and/or Action Items

A. Receive and Discuss Basin Management Plan Implementation Quarterly Report

Quarterly update was given by Lou Carella, Carollo Engineers. We are 8 months into the 2 1/2 year BMP Implementation Program Management Services agreement and both the schedule and budget are on track. Lidia Gutierrez has good strategy for obtaining grants.
Director Zamora discussed his concerns of "when are things going to get rough?" GM Lockwood said staff is working to be proactive in order to avoid negative issues to greatest extent possible. Lou stated CEQA process is for this purpose as well. Next quarterly update at December 20, 2017 board meeting. PowerPoint slides are available on the PV Water website www.pvwater.org.

Public Comment:
John Diffenbaugh, College Lake Reclamation District (CLRD), made comment that he had not met Lou before, and the CLRD had never had the pleasure of meeting to discuss problems going on right now. CLRD knows issues and details that others are not aware of. Director Zamora addressed Mr. Deffenbaugh's comment by saying PV Water has public meetings that happen regularly and that he (Director Zamora) is a farmer and cares very much about farming and making sure the agency does right by the farmers and uses money and resources efficiently. GM Lockwood elaborated that he has been in close contact with both Mr. Diffenbaugh and the CLRD, and wanted Mr. Diffenbaugh to reach out to him if he had more information or questions. Mr. Diffenbaugh then went on to say the CLRD feels they are not going to be compensated.

No board action.

B. Consider Staff Recommendation regarding the Proposed College Lake Integrated Resources Management Project Water Right Application
Agency Water Rights Attorney Alan Lilly described the timeline for the Water Right Application (Application).
ASC Lilly, GM Lockwood and others met with State Water Resources Control Board (SWRCB) staff to review the draft application prior to submittal. He has found that this helps to reduce time in obtaining the final approval for the permit. On the Application, PV Water is requesting appropriation to be 3,000 AFY. ASC Lilly estimates that the permit would be issued 12 to 18 months after the certification of the project-specific Environmental Impact Report. Once SWRCB posts the Application, we will then learn who opposes the project. Federal and State agencies typically file a protest to protect their right to protect the fish that are endangered and protected. There are three key elements to keeping the project moving forward:

- Outreach & Public involvement, work with stakeholders.
- Work with SWRCB staff, they may even help to facilitate meetings.
- Develop a very good EIR

Other issues:

- While Water-Rights and CEQA processes are important…
    - Agency will need a 404 Permit from USACE, which triggers Endangered Species Act (ESA). Director Cavanaugh questioned if steelhead are threatened or endangered.
    - USFWS will weigh in again.

- Costs – project is estimated to be $32M in today's dollars.
- Property rights procurement.

- The proposed project is meant to provide a significant contribution to balancing the basin and stopping seawater intrusion.

Director Zamora was grateful that ASC Lilly so eloquently described the process for one to understand.

ASC Lilly mentioned he is appreciative of the team that has been assembled, and the weekly team conference calls. If he has a request of a team member, a quick response is always received. An example he gave was when he requested three photos of College Lake project and he was sent 25 photos to choose from. While the CEQA process is expensive and cumbersome, embrace the process. We may learn things about the project, about the system. The public process is important. PowerPoint slides are available on the PV Water website www.pvwater.org.

Action: Director Newell moved that the Board authorize and direct the General Manager to work with the Agency's water-right attorney to complete, file and pursue the water-right application for the proposed College Lake Project; Seconded by Director Lynn

Motion carried by the following voice vote:

AYES:	Imazio, Newell, Lynn, Cavanaugh, Zamora, Bussey, Culbertson
NOES:	None
ABSENT:	None
ABSTAIN:	None

C. Consider Staff Recommendation regarding the Proposed College Lake Integrated Resources Management Project California Environmental Quality Act (CEQA) Process

ASC Lilly introduced Jill Hamilton, ESA. Ms. Hamilton explained the CEQA process from start to finish. Notice of Preparation (NOP) is recommended to be issued at the end of November 2017 with two public meetings to be held on either December 12, or 13, 2017. Timeline is for Board of Directors to consider certifying the Final EIR by December 2018.

Action: Director Cavanaugh moved that the Board direct staff and consultants to proceed with the CEQA process for the College Lake Integrated Resources Management Project, including preparation of the NOP for publication in November 2017, two public scoping meetings in December 2017, and to continue with the remainder of the CEQA process; Seconded by Director Culbertson.

Motion carried by the following voice vote:

AYES:	Imazio, Newell, Lynn, Cavanaugh, Zamora, Bussey, Culbertson
NOES:	None
ABSENT:	None
ABSTAIN:	None

11. Monthly Reports/Presentations

A. Facility Operations Report
   1. Received 2017 Supplemental Water Production Monthly Summary Report
B. Board Committee Reports available at www.pvwater.org
C. Public Outreach Update

12. Correspondence

13. Future Meetings

A. Project & Facility Operations Committee, Wednesday, September 27, 2017, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville, CA
B. Administrative/Finance Committee, Tuesday, October 10, 2017, 4:00 p.m., Warren Koenig Conference Room, 36 Brennan Street, Watsonville
C. Board of Directors, Wednesday, October 18, 7:00 p.m., City Council Chambers, 275 Main Street, 4th Floor, Watsonville
D. Project & Facility Operations Committee, Wednesday, October 25, 2017, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville, CA

Adjourned at 9:16 p.m.

Laura R. Taay

Laura R. Taay, Board Secretary

October 18, 2017

Date Approved