PAJARO VALLEY WATER MANAGEMENT AGENCY

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

Board of Directors Meeting
February 17, 2021, 7:00 p.m. **Teleconference**

BOARD MEETING AGENDA

Due to COVID-19, Public access is limited to teleconference. See below for instructions.

Agenda Item **Page**

Note: The Board may take action on any item listed on the agenda.

1. **Call to Order**

2. **Roll Call of the PV Water Directors:** Amy Newell (Chair), Bob Culbertson (Vice-Chair), Javier Zamora, Mary Bannister, Tom Broz, Stephen Rider

3. **Pledge of Allegiance**

4. **Oral Communications**
   This time is set aside for members of the general public to address the Board of Directors on any item not on the Agenda, and that is within the subject matter jurisdiction of the Board of Directors. Each speaker is allotted up to 3 minutes. No action or discussion shall be taken on any item presented except that the Board may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters pertaining to the Board may be scheduled for discussion at a future meeting or referred to staff for clarification or a report, at the pleasure of the board.

5. **Director Comments**

6. **Counsel Report**

7. **General Manager Report**

8. **Consent Agenda**
   All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one consensus motion. Any items removed will be considered immediately after the consensus motion. The Board Chair will allow public input prior to the approval of the Consent Agenda.
   A. Approve January 20, 2021 Minutes **4**
   B. Approve Financial Reports **8**
      1. Introduction by staff
      2. Questions from Board
      3. Public comment
      4. Board discussion and deliberations
      5. Board action

9. **Informational Items**
   A. Receive Basin Management Plan Implementation Update **20**

10. Discussion and/or Action Items

A. Consider Adoption of 2021 Cost of Service Rate Study, and Adoption of Resolution No. 2021-05 Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge **30**

1. Introduction by staff
2. Questions from Board
3. Public comment
4. Board discussion and deliberation
5. Board action

11. Monthly Reports/Presentations

A. Facility Operations Report

1. Receive 2021 Supplemental Water Production Monthly Summary Report **85**

B. Board Committee Reports available at www.pvwater.org

C. Public Outreach Update **86**

12. Correspondence

13. Future Meetings

A. Project & Facility Operations Committee, Wednesday, February 24, 2021, 3:00 p.m., Teleconference

B. Administrative/Finance Committee, Tuesday, March 9, 2021, 3:00 p.m., Teleconference

C. Ad Hoc Sustainable Groundwater Planning Advisory Committee, Thursday, March 11, 2021, 2:00 p.m., Teleconference

D. Board of Director's Meeting, Wednesday, March 17, 2021, 7:00 p.m., Teleconference

E. Project & Facility Operations Committee, Wednesday, March 31, 2021, 3:00 p.m., Teleconference

Adjournment

NOTES

The City Council Chambers is an accessible facility. If you wish to attend a meeting and you will require assistance in order to attend and /or participate, please call the Agency at (831) 722-9292 in advance of the meeting and every effort made to accommodate your attendance and participation.

This agenda is subject to revision and maybe amended prior to the scheduled meeting. If amended, a Final Agenda to be posted at PV Water, 36 Brennan Street, Watsonville and at the location where meeting will be held, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the Board Meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1900 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PV Water Board Secretary at (831) 722-9292 during regular business hours at least 24 hours prior to the time of the meeting.

Agenda documents are available for review, on the Monday following posting of the agenda, in person at PV Water, 36 Brennan St. Watsonville, or on the website: https://www.pvwater.org/board-and-committees/director-agendas.php

Translation Services/Servicios De Traduccion

Spanish language translation is available on an as needed basis. Please make advance arrangements with the PV Water Board Secretary, 36 Brennan St. Watsonville, CA or by telephone (831) 722-9292.
Se proven servicios de interpretacion segun se necesiten. Sirvase contactar a la secretaria de Directiva de la Agencia para hacer preparativos.

Public Access to Board of Directors Meeting

You can attend the meeting from your computer, tablet or smartphone (may require app).

By Computer:
https://www.gotomeet.me/PVWater/board-of-directors
By Phone:
United States (Toll Free): 1 (877) 309-2073 Access Code: 347-473-301#
Please Note: Meeting materials are posted at: https://www.pvwater.org/director-agendas

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Board of Directors Meeting **Teleconference**
January 20, 2021, 6:00 p.m.

DRAFT BOARD MEETING MINUTES

1. **Call to Order:** The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order at 6:05 p.m. by Chair Newell, via teleconference

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

Board Members Present:	Newell, Culbertson, Zamora, Bannister, Broz, Rider
Board Members Absent:	None
Staff Members Present:	Brian Lockwood, General Manager (GM) Helen Rodriguez, Financial/Admin Services Manager (FASM) Marcus Mendiola, Water Conservation and Outreach Specialist (WCOS) Chuy Martinez, Water System Operations Supervisor (WSOS) Shinehah Bigham, Water System Operator (WSO)
Others Present:	Tony Condotti, Agency Counsel (AC) Andy Beck, Consultant, Fedak & Brown Accountants Paul Friedlander, Consultant, Carollo & Associations Jill Hamilton, Consultant, ESA Kim Hein, Consultant, Jacobs Engineering Conor McNamare, Public Tom Rider, Public

3. **Pledge of Allegiance**

4. **Closed Session – 2 Items:**
Conference with Real Property Negotiators - (Cal. Gov't Code §54956.8)

   a. **Property:** APN: 051-101-47
   Agency Negotiators: Brian Lockwood, Richard Smith
   Negotiating Parties: Agency and Lipanovich, Tony J. and Mary Trust
   Under Negotiation: Price, terms of payment or both (fee interest)

   b. **Properties:** APNs**:** 051-101-47; 051-441-01, 24; 051-501-12, 17, 18; 051-741-01, 03, 05, 06, 07; 051-221-02, 26, 30, 32, 33, 34; 017-371-03, 10; 017-221-16; 052-243-01, 10, 15, 16, 17, 18, 20, 21; 052-272-01; 052-581-07, 09
   Agency Negotiators: Brian Lockwood, Richard Smith

Negotiating Parties: Agency and Lipanovich Trust; Hiramine, Masahito & Yoko; Vasquez, David & Elia; PV Unified School District; Salesian Society; Repass, Randolph; Maridon, Russel J.; Shikuma Properties, LLC; VR Walker Co.; State of Ca. Dept. of Transportation; Ag Land, Inc.; Gomez, Taurino & Maria; Olivares, Jorge & Maria; City of Watsonville; Lakeside Organic Gardens; Watsonville Exchange Inc.; West Coast Pre-Cooling, LLC; Hirahara Ranch, LLC; Haines, George & Connie; Willoughby, Christopher M.; Hoover (CA) LLC;
Under Negotiation: Price, terms of payment or both (pipeline easement)

5. Report on Closed Session: AC Condotti stated no reportable actions.

6. Oral Communications: None

7. Director Comments: Director Newell reported on:

- Enjoyed the great news article that was reported in the Source Magazine, AWWA, on Shinehah Bigham, Water Systems Operator.
- Attended ACWA Groundwater Committee meeting on December 8, 2020. Top quality panel discussion and other sessions.. Encouraged Directors to attend the Spring ACWA Groundwater Committee meeting.
- Historic Inauguration today. After 232 years of this country electing a President and Vice President every 4 years, today was the first time that a woman has ever been sworn in to one of those positions.

8. Counsel Report: AC Condotti had no report.

9. General Manager Report: GM Lockwood reported on:

- Initiated recruitment of vacant Field Technician position. Two applications already received.
- Great inauguration day and see the events unfold today.
- Many Ad Hoc committee meetings. Continuing to make great progress and attendance is up.

10. Consent Agenda

A. Minutes of December 16, 2020 Board Meeting
B. Financial Reports
C. Resolution 2021-01 Establishing Bylaws for the Ad Hoc Funding Committee
D. Resolution 2021-02 Amending Bylaws for the Administration and Finance Committee
E. Annual Financial Report for Fiscal Year ended June 30, 2020
F. Final Completion of the Recycled Water Facility, Disk Filter Upgrade Project No. 30-63
G. Final Completion of the Coastal Distribution System F-Pipeline Expansion Project No. 30-35

Action: Director Rider moved to approve the Consent Agenda; seconded by Director Zamora.

Motion carried by the following voice vote:

AYES: Newell, Culbertson, Zamora, Bannister, Broz, Rider
NOES: None
ABSENT: None

ABSTAIN: None

11. Informational Items

A. Received Basin Management Plan Implementation Update from GM Lockwood

B. Received Facility Operations Report from WSOS Martinez and WSO Bigham

12. Discussion and/or Action Items

A. Consider Actions pertaining to Certification of the Final Environmental Impact Report for, and Approval of, the Proposed Watsonville Slough System Managed Aquifer Recharge and Recovery Projects

GM Lockwood provided a brief background on this item and introduced Jill Hamilton, ESA. Ms. Hamilton's presentation explained the CEQA Findings in the Final EIR. She touched on the responses to the three comment letters received, including, comments in favor of the project. Ms. Hamilton noted this evening's action would be the last formal step in accepting the proposed Watsonville Slough System Managed Aquifer Recharge and Recovery Projects. Presentation posted at www.pvwater.org.

Action: Director Culbertson moved for the Board to:

1. Adopt Resolution 2021-03 Certifying the Final Environmental Impact Report, Adopting Findings Pursuant to the California Environmental Quality Act, Adopting a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Program for the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects.
2. Adopt Resolution 2021-04 Selecting, Approving, and Adopting the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects.

Seconded by Director Bannister.

Motion carried by the following voice vote:

AYES: Newell, Culbertson, Zamora, Bannister, Broz, Rider
NOES: None
ABSENT: None
ABSTAIN: None

13. Monthly Reports/Presentations

A. Facility Operations Report
   1. Received 2020 Supplemental Water Production Monthly Summary Report
B. Board Committee Reports available at www.pvwater.org
C. Public Outreach Update

14. Correspondence

15. Future Meetings

A. Ad Hoc Funding Committee, Tuesday, January 26, 2021, 2:00 p.m., Teleconference
B. Projects & Facility Operations Committee, Wednesday, January 27, 2021, 3:00 p.m., Teleconference
C. Administrative Finance Committee, Tuesday, February 9, 2021, Teleconference

D. Ad Hoc Sustainable Groundwater Planning Advisory Committee, Thursday, February 11, 2021, Teleconference
E. Board of Director's Meeting, Wednesday, February 17, 2021, 7:00 p.m., Teleconference
F. Projects & Facility Operations Committee, Wednesday, February 24, 2020, Teleconference

Adjourned at 8:27 p.m.

_____ _____

Laura R. Taay, Board Secretary **Date Approved**

PAJARO VALLEY WATER MANAGEMENT AGENCY
BUDGET vs. ACTUAL
BY EXPENSE TYPE
2020-21FY as of 12/31/2020

#	Description	2020 One Year Prior Actual	2021 Budget	2021 Year to Date End Balance	Remaining YTD Budget (Over) Under Variance	% Var
	Revenue					
1	Management Fees	$ 386,988	$ 387,000	$ 387,222	$ (222)	-0.06%
2	Augmentation Charges	$ 7,522,762	$ 12,000,000	$ 7,550,235	$ 4,449,765	37.08%
3	Delivered Water Sales	$ 1,516,728	$ 1,900,000	$ 1,251,206	$ 648,794	34.15%
4	Grants & Loans	$ -	$ 6,600,000	$ 274,016	$ 6,325,984	95.85%
5	Interest Income	$ 79,357	$ 250,000	$ 27,516	$ 222,484	88.99%
6	Other Revenue	$ 12,033	$ 35,000	$ 5,426	$ 29,574	84.50%
	Revenue Total:	**$ 9,517,869**	**$ 21,172,000**	**$ 9,495,621**	**$ 11,676,379**	**55.15%**
	Expenditures					
7	Salaries, Wages and Benefits	$ 851,986	$ 2,361,671	$ 1,109,746	$ 1,251,925	53.01%
8	Conferences and Training	$ 1,935	$ 22,000	$ 2,230	$ 19,770	89.86%
9	Travel/Meals	$ 5,249	$ 35,500	$ 382	$ 35,118	98.92%
10	Bank Charges	$ 41,915	$ 80,000	$ 46,505	$ 33,495	41.87%
11	Insurance	$ 19,195	$ 33,500	$ 20,968	$ 12,532	37.41%
12	Taxes & Fees	$ 16,567	$ 51,200	$ 32,835	$ 18,365	35.87%
13	Legal Notices & Ads	$ 311	$ 11,750	$ 573	$ 11,177	95.13%
14	Dues & Subscription	$ 45,200	$ 59,500	$ 15,307	$ 44,193	74.27%
15	Office Expense	$ 7,093	$ 23,500	$ 4,706	$ 18,794	79.97%
16	Postage	$ 5,050	$ 15,450	$ 12	$ 15,438	99.92%
17	Printing	$ 6,688	$ 42,750	$ 7,900	$ 34,850	81.52%
18	Utilities	$ 132,230	$ 237,200	$ 145,413	$ 91,787	38.70%
19	Telephone	$ 9,379	$ 28,000	$ 8,845	$ 19,155	68.41%
20	Office Equipment Leases	$ 5,631	$ 20,300	$ 3,331	$ 16,969	83.59%
21	Project Well Lease	$ 7,500	$ 90,000	$ 101,918	$ (11,918)	-13.24%
22	Field Supplies-Equipment	$ 18,203	$ 140,000	$ 27,904	$ 112,096	80.07%
23	Elections	$ -	$ 65,000	$ 284	$ 64,716	99.56%
24	Uniforms	$ -	$ 3,000	$ 1,345	$ 1,655	55.18%
25	Legal Services	$ 107,300	$ 412,000	$ 211,609	$ 200,391	48.64%
26	Professional Services	$ 1,240,151	$ 6,049,000	$ 1,405,387	$ 4,643,613	76.77%
27	LAFCO District Fees	$ 7,774	$ 17,000	$ 8,151	$ 8,849	52.05%
28	Bad Debt	$ (2,201)	$ 50,000	$ (1,061)	$ 51,061	102.12%
29	Collection Fee	$ 3,976	$ 5,000	$ 3,858	$ 1,142	22.84%
30	Special Projects Outreach	$ 2,715	$ 25,000	$ 65	$ 24,935	99.74%
31	Facilities Maintenance	$ 18,301	$ 63,000	$ 8,177	$ 54,824	87.02%
	Land	$ -	$ 2,500,000	$ -	$ 2,500,000	100.00%
32	Information Technology	$ 69,915	$ 134,000	$ 56,005	$ 77,995	58.21%
33	Licensed Contractors	$ 894,232	$ 2,140,000	$ 929,368	$ 1,210,632	56.57%
34	Vehicle Purchase	$ 35,211	$ 26,000	$ -	$ 26,000	100.00%
35	Vehicle Maintenance	$ 5,137	$ 24,700	$ 4,767	$ 19,933	80.70%
36	Meters	$ 39,931	$ 50,000	$ 7,797	$ 42,203	84.41%
37	COW Reimb RWF O&M	$ 1,100,318	$ 2,175,000	$ 551,553	$ 1,623,447	74.64%
38	Rebates	$ -	$ -	$ 18,573	$ (18,573)	#DIV/0!
39	Right of Way	$ -	$ 250,000	$ 27,643	$ 222,357	88.94%
40	City Connection Water Charges	$ 408,035	$ 475,000	$ 310,933	$ 164,067	34.54%
41	Misc. (X-Band Radar Pledge)	$ -	$ 7,500	$ -	$ 7,500	100.00%
42	Water Sampling	$ 30,931	$ 87,000	$ 27,256	$ 59,744	68.67%
43	DWR Loan Pmt-CDSProp13	$ 125,708	$ 251,416	$ 125,708	$ 125,708	50.00%
44	2015 Water Bond	$ 310,050	$ 2,305,850	$ 267,925	$ 2,037,925	88.38%
45	2016 Water Bond	$ 188,481	$ 804,213	$ 182,106	$ 622,107	77.36%
	Expenditures Total:	**$ 5,760,095**	**$ 21,172,000**	**$ 5,676,026**	**$ 15,495,974**	**73.19%**
	REVENUES LESS EXPENDITURES	**$3,757,773**	**$0**	**$3,819,595**		

PAJARO VALLEY WATER MANAGEMENT AGENCY
BUDGET vs. ACTUAL
BY DEPARTMENT
2020-21FY as of 12/31/2020

#	Description	2020 One Year Prior Actual	2021 Budget	2021 Year To Date End Balance	Remaining YTD Budget (Over) Under Variance	% Var
	Revenue					
1	Management Fees	$ 386,988	$ 387,000	$ 387,222	$ (222)	-0.06%
2	Augmentation Charges	$ 7,522,762	$ 12,000,000	$ 7,550,235	$ 4,449,765	37.08%
3	Delivered Water Sales	$ 1,516,728	$ 1,900,000	$ 1,251,206	$ 648,794	34.15%
4	Grants & Loans	$ -	$ 6,600,000	$ 274,016	$ 6,325,984	95.85%
5	Interest Income	$ 79,357	$ 250,000	$ 27,516	$ 222,484	88.99%
6	Other Revenue	$ 12,033	$ 35,000	$ 5,426	$ 29,574	84.50%
	Revenue Total:	**$ 9,517,869**	**$ 21,172,000**	**$ 9,495,621**	**$ 11,676,379**	**55.15%**
	Expenditures					
7	Office Administration	$ 454,677	$ 1,301,786	$ 594,379	$ 707,407	54.34%
8	Board Support	$ 12,302	$ 105,826	$ 13,606	$ 92,220	87.14%
9	Education & Outreach	$ 44,639	$ 217,757	$ 56,235	$ 161,522	74.18%
10	Grant Administration	$ 34,593	$ 137,823	$ 57,929	$ 79,894	57.97%
11	Conservation	$ 82,090	$ 384,357	$ 149,806	$ 234,551	61.02%
12	HS Recharge Facilities Optimization	$ 131,650	$ 1,093,886	$ 116,759	$ 977,127	89.33%
13	College Lake Project	$ 403,003	$ 5,674,406	$ 819,375	$ 4,855,031	85.56%
14	Loans & Bonds	$ 624,239	$ 3,361,479	$ 575,739	$ 2,785,740	82.87%
15	Harkins Slough Facility	$ 96,127	$ 248,617	$ 125,869	$ 122,748	49.37%
16	Coastal Distribution System	$ 633,226	$ 992,068	$ 545,987	$ 446,081	44.96%
17	Supplemental Water (In-Basin)	$ 139,947	$ 431,469	$ 236,642	$ 194,827	45.15%
18	Recycled Water Facility	$ 1,125,080	$ 2,141,028	$ 566,097	$ 1,574,931	73.56%
19	Metering Program	$ 180,311	$ 452,074	$ 171,842	$ 280,232	61.99%
20	Wats Slough & North Dunes Recharge	$ 152,548	$ 721,886	$ 205,868	$ 516,018	71.48%
21	RWF Disk Filter Upgrade	$ 1,090,379	$ 100,000	$ 47,950	$ 52,050	52.05%
22	Recycled Water Storage Project	$ 1,450	$ 226,573	$ 7,053	$ 219,520	96.89%
23	CDS F-Line Expansion	$ 277,728	$ 2,246,967	$ 1,060,596	$ 1,186,371	52.80%
24	Basin Modeling	$ 81,853	$ 282,835	$ 33,985	$ 248,850	87.98%
25	Basin Monitoring	$ 99,560	$ 256,180	$ 87,506	$ 168,674	65.84%
26	In-Basin Management Plan	$ 24,966	$ 561,729	$ 162,815	$ 398,914	71.02%
27	Regional Water Management Plan	$ 3,871	$ 34,468	$ 3,385	$ 31,083	90.18%
28	Out-of-Basin Funding	$ 6,328	$ 48,143	$ 8,751	$ 39,392	81.82%
29	In-Basin Funding	$ 59,480	$ 150,643	$ 28,612	$ 122,031	81.01%
	Expenditures Total:	**$ 5,760,095**	**$ 21,172,000**	**$ 5,676,026**	**$ 15,495,974**	**73.19%**
	REVENUES LESS EXPENDITURES	**$ 3,757,773**	**$0**	**$ 3,819,595**		

PAJARO VALLEY WATER MANAGEMENT AGENCY
Account Activity Report per Bank Statement

	Date	Deposits	Withdrawals	Balance
CLEARING ACCOUNT - Rabobank				
Beginning Balance	12/1/2020			$103,761
Cash Receipts				
Disbursements			1,216,007	
Transfers		1,444,786		
Bank Fees				
Ending Balance	12/31/2020			$332,541
GENERAL FUND10-MMA RABOBANK				
Beginning Balance	12/1/2020			$880,699
Cash Receipts		38,307		
Transfers			11,863	
Interest Earned		44		
Bank Fees				
Ending Balance	12/31/2020			$907,186
GENERAL FUND 10 - LAIF				
Beginning Balance	12/1/2020			$2,179,355
Transfers				
Interest Earned				
Ending Balance	12/31/2020			$2,179,355
GENERAL FUND 20 - LAIF				
Beginning Balance	12/1/2020			$8,002,647
Transfers				
Interest Earned				
Ending Balance	12/31/2020			$8,002,647
SPECIAL REVENUE FUND 20-Operating RABOBANK				
Beginning Balance	12/1/2020			$76,992
Cash Receipts		212,052		
Transfers		230,000	472,924	
Bank Fees			14,437	
Interest Earned				
Ending Balance	12/31/2020			$31,684
SPECIAL REVENUE Fund 20 Cash Mgmt-FUND20MMN RABOBANK				
Beginning Balance	12/1/2020			$4,106,696
Transfers			1,190,000	
Bank Fees				
Interest Earned		169		
Ending Balance	12/31/2020			$2,916,865
Certificate of Deposit - DWR Loan Reserve Rabobank Fund 40				
Beginning Balance	12/1/2020			$253,981
Interest Earned				
Ending Balance	12/31/2020			$253,981

Prior Month Ending Cash Balance:	Total Deposits:	Total Withdrawals:	Month End Cash Balance:
$15,604,132	$1,925,357	$2,905,230	$14,624,258
Cash Transfers	1,674,786	1,674,786	-
Actual Cash Receipts/Disbursements	250,571	1,230,444	

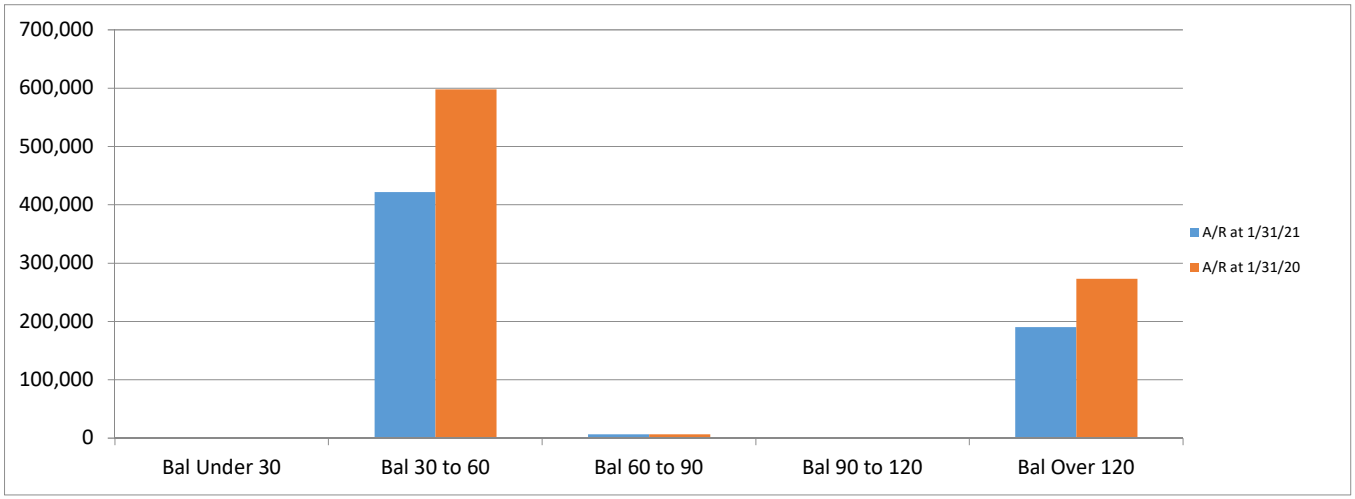
PAJARO VALLEY WATER MANAGEMENT AGENCY
INVESTMENT REPORT
ALL FUNDS
December 31, 2020

Description	Current Yield	Investment	% of Total Portfolio	Weighted Yield
Rabobank Clearing Account	0.00%	**$332,541**	2.27%	0.00%
General Fund 10				
Rabobank General Fund 10 Money Market Account	0.20%	907,186	6.20%	0.01%
Local Agency Investment Fund	0.84%	2,179,355	14.90%	0.13%
		$3,086,541		
Special Revenue Fund 20				
Rabobank Special Revenue Fund 20 Operating Account	0.00%	31,684	0.22%	0.00%
Rabobank Special Revenue Fund 20 Money Market Account	0.20%	2,916,865	19.95%	0.04%
Local Agency Investment Fund	0.84%	8,002,647	54.72%	0.46%
		$10,951,195		
Long Term Debt Fund 40				
Rabobank Certificate of Deposit DWR Loan Reserve	0.50%	**$253,981**	1.74%	0.01%
	Total:	**$14,624,258**	**100.0%**	

Total Funds Reserved (DWR Fund 40)	253,981
Total Funds Invested	14,006,053
Total Funds Non-interest Bearing	364,224
Total Funds	**$14,624,258**
Total Available Funds	14,370,277
Cash Reserve Policy Requirements (PV Water)	5,500,000
Surplus (Deficit) of Funds	**$8,870,277**

PV Water
Accounts Receivable Aging 3 Month Trend
As of 1/31/2021

	Balance Forward	Bal Under 30	Bal 30 to 60	Bal 60 to 90	Bal 90 to 120	Bal Over 120
Accounts Receivable before credits	620,011	127	422,090	6,960	217	190,616
Credits	(27,351)					
Total Accounts Receivable at 1/31/21	592,660					
Accounts Receivable before credits	878,604	0	598,133	6,647	266	273,558
Credits	(5,518)					
Total Accounts Receivable at 1/31/20	873,086					
Accounts Receivable before credits	3,608,397	3,344,741	15,510	220	71,542	176,384
Credits	(2,251)					
Total Accounts Receivable at 12/31/20	3,606,147					
Accounts Receivable before credits	309,676	16,845	695	85,065	3,071	204,000
Credits	(4,530)					
Total Accounts Receivable at 11/30/20	305,146					
Accounts Receivable before credits	1,562,497	1,457	1,293,596	3,868	58	263,519
Credits	(3,053)					
Total Accounts Receivable at 10/30/20	1,559,444					



Accounts Payable

Checks by Date - Detail by Check Date

User: nancy
Printed: 212021 10:52 AM

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
36680	A190	ACE HARDWARE	01/07/2021	
	201930/202037	CD's Field Supplies for 12/20		38.37
Total for Check Number 36680:				38.37
36681	a785	ACWA ASSOC. OF CA WATER AGENCIES JPIA	01/07/2021	
	2021AnnualDues	2021 Annual Agency Dues		16,860.00
Total for Check Number 36681:				16,860.00
36682	C1099	CAROLLO ENGINEERS	01/07/2021	
	0193731	CL Project Design and Bid Services for 11/20		166,702.37
	0193738	BMP Program Cost Planning Services Study for 11/20		9,043.35
	0193738	BMP Program Mngmnt HSR Planning Services for 11/20		7,024.88
	0193738	BMP Program Mngmnt CL Planning Services for 11/20		19,102.91
	0193738	BMP Program Mngmnt WSR Planning Services for 11/20		4,204.80
Total for Check Number 36682:				206,078.31
36683	C1720	CONTRACTOR COMPLIANCE & MONITORING INC.	01/07/2021	
	13736	Legal Serv./Labor Compliance F-Line Pipe for 12/20		2,325.00
Total for Check Number 36683:				2,325.00
36684	E355	EKI ENVIRONMENT & WATER	01/07/2021	
	B90103.01-01	HS. Professional Services for 10/31 to 11/27/20		16,221.40
Total for Check Number 36684:				16,221.40
36685	F199	FEDAK & BROWN LLP	01/07/2021	
	20127	Billing on Audit & Financial Statements for 12/20		1,680.00
Total for Check Number 36685:				1,680.00
36686	F309	FERGUSON WATERWORKS #1423	01/07/2021	
	1596867	Backflow prevention devices for 12/20		10,925.00
Total for Check Number 36686:				10,925.00
36687	H166	HELEN RODRIGUEZ	01/07/2021	
	EE CALPERS CO	EE CalPERS & Deferred Comp 457 over limit for 1/21		915.45
Total for Check Number 36687:				915.45
36688	J301	JACOBS ENGINEERING GROUP INC.	01/07/2021	
	W8Y03700	PVWater F-Line Final Design Prof. Serv. for 11/28-1/1/21		10,482.04
Total for Check Number 36688:				10,482.04
36689	K89	KARAS TECHNICAL SERVICES	01/07/2021	
	14770	2550 Winter Newsletter for 12/20		874.00
Total for Check Number 36689:				874.00
36690	H122	MARINO HERNANDEZ	01/07/2021	
	ED. REIMB	ED. Tuition Reimb. for year 2020		1,500.00
Total for Check Number 36690:				1,500.00
36691	M900	MERRY MAIDS	01/07/2021	
	12/5 to 12/26/20	Monthly Office housekeeping for 12/5 to 12/26/20		632.00
Total for Check Number 36691:				632.00
36692	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	01/07/2021	
	201207-50	Water Samples CDS for 12/7/20		1,384.00
	201218-04	Water Samples Groundwater for 12/18/20		555.00
Total for Check Number 36692:				1,939.00
36693	P180	PENINSULA MESSENGER LLC	01/07/2021	
	191520	Monthly RaboBank Courier for 12/20		53.00

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
Total for Check Number 36693:				53.00
36694	P800	PG & E	01/07/2021	
	2926809320-9	Service at 36 B Brennan St for 11/20 to 12/21/20		40.21
	2926809320-9	Service at 36 B Brennan St for 11/20 to 12/21/20		120.63
	3771390038-1	Service at Jensen Rd #3 for 11/18 to 12/17/20		26.83
	4291054495-8	Service at 475 San Andreas Rd for 11/19 to 12/20/20		1,217.00
	5290624576-7	Service at 2240 Beach Rd for 11/18 to 12/17/20		18.08
	5916054391-0	Service at 187C San Andreas Rd for 11/19 to 12/20/20		2,201.03
Total for Check Number 36694:				3,623.78
36695	P1000	PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	01/07/2021	
	3104468969	Postage Equipment Leasing Fee for 1/30-4/29/21		65.35
Total for Check Number 36695:				65.35
36696	P400	PVI PAJARO VALLEY IRRIGATION, INC.	01/07/2021	
	INV200050618	Field Supplies for CD's for 12/20		326.00
Total for Check Number 36696:				326.00
36697	S1681	SHAMROCK OFFICE SOLUTIONS	01/07/2021	
	504570	Delivery Office supplies for 12/20		195.00
	505609	Delivery Office supplies for 12/20		13.66
	507004	Monthly Office Printer for 12/1-12/31/20		171.40
	507349	Monthly Office Printer for 12/2-1/1/21		2.62
Total for Check Number 36697:				382.68
36698	C1580	SPECTRUM BUSINESS COMMUNICATIONS	01/07/2021	
	0495564122320	LandLine services for 12/23 to 1/22/21		662.01
Total for Check Number 36698:				662.01
36699	T305	TELSTAR INSTRUMENTS, INC.	01/07/2021	
	106025	Scada Comm. & historian Reporting for 11/6-12/11/20		5,785.00
Total for Check Number 36699:				5,785.00
36700	T328	TREE TOP WEB DESIGN	01/07/2021	
	2457	IT-Website Suppor Services for 11/20		125.00
Total for Check Number 36700:				125.00
36701	U185	U.S. BANK EQUIPMENT FINANCE	01/07/2021	
	431334325	RICOH Office Copier for 12/20		207.62
	431523901	RICOH Office Copier (upstairs) for 12/20		79.19
Total for Check Number 36701:				286.81
36702	W074	W.L. JEFSEN COMPANY	01/07/2021	
	44982	Field CD's Supplies for for 12/20		233.63
Total for Check Number 36702:				233.63
36703	Z100	ZAG TECHNICAL SERVICES, INC.	01/07/2021	
	112521	IT-Agreement Support 8x5 for 12/20		97.50
Total for Check Number 36703:				97.50
Total for 1/7/2021:				282,111.33
36704	A910	ATCHINSON,BARISONE,CONDOTTI	01/14/2021	
	33622	Professional Services General Matters for 12/1-12/31/20		8,060.44
	33624	Professional Services General Matters for 12/1-12/31/20		7,951.40
Total for Check Number 36704:				16,011.84
36705	A850	AVAYA FINANCIAL SERVICES.	01/14/2021	
	36954252	Phone/VM Lease Agreement for 12/30-1/29/21		388.24
Total for Check Number 36705:				388.24
36706	B185	BADGER METER	01/14/2021	
	1409253	Meters for 12/20		1,129.09
Total for Check Number 36706:				1,129.09
36707	B195	BALANCE HYDROLOGICS, INC	01/14/2021	

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
	220177-1220	Project Admin.& data process & Archive for Thru 12/19/20		7,545.35
Total for Check Number 36707:				7,545.35
36708	B102	BARTKIEWICZ, KRONICK & SHANAHAN INC	01/14/2021	
	8812.0001	Legal Professional Services for 12/20		4,605.00
	8812-0005	Legal Prof. Service Watsonvielle Slough WSR for 12/20		72.50
Total for Check Number 36708:				4,677.50
36709	L563	BRIAN LOCKWOOD	01/14/2021	
	10/23 to 11/22/20	GM. Cell reimb. For 10/23 thru 11/22/20		80.00
Total for Check Number 36709:				80.00
36710	C1516	CALIFORNIA DEPT OF FISH & WILDLIFE	01/14/2021	
	APP. FEE	Wats. Slough Recharge Recov.Project app. Fee for 1/21		3,445.25
Total for Check Number 36710:				3,445.25
36711	R40	CARDMEMBER SERVICE	01/14/2021	
	DEC2020	Vehicle# 11 Maint. & Repairs for 12/20		338.23
	DEC2020	Telephone Conferencing on for 12/20		193.78
	DEC2020	Staff Meeting for 12/20		141.48
Total for Check Number 36711:				673.49
36712	C103	CBEC ECO ENGINEERING	01/14/2021	
	17-1003-4-10	CL Professional services Environ for 12/1-12/31/20		4,955.00
	17-1003-5-1	CL Professional services Environ for 11/19-12/31/20		1,141.50
	19-1024-17	CL Fish Passage Design for 12/1-12/31/20		875.00
Total for Check Number 36712:				6,971.50
36713	W400	CITY OF WATSONVILLE UTILITIES	01/14/2021	
	ACC#25586 OCT	Potable City Connection Water		114,676.66
Total for Check Number 36713:				114,676.66
36714	E500	ESA Water	01/14/2021	
	160818	CL Project Prof. Services for 11/1-12/31/20		2,722.50
Total for Check Number 36714:				2,722.50
36715	J301	JACOBS ENGINEERING GROUP INC.	01/14/2021	
	WBY08700	Expansion and CL Design for 11/28 to 1/1/21		29,761.55
Total for Check Number 36715:				29,761.55
36716	J99	JAMES LEAP	01/14/2021	
	RAIN WATER	Reimb. Rain water Catchment for 1/21		750.00
Total for Check Number 36716:				750.00
36717	K89	KARAS TECHNICAL SERVICES	01/14/2021	
	14772	Charts,Graph & Financial pages for 12/20		1,355.00
Total for Check Number 36717:				1,355.00
36718	L50	LAKESIDE ORGANIC GARDENS	01/14/2021	
	CROP LOSS	F-1 Pipeline, Crop loss/Land cost for 1/21		832.99
	CROP LOSS	F-1 Pipeline, Crop loss/Land cost for 12/20		4,402.47
Total for Check Number 36718:				5,235.46
36719	M2300	McCROMETER, INC.	01/14/2021	
	545619-RI	Meter Parts Telemetry Project for 1/21		4,416.00
Total for Check Number 36719:				4,416.00
36720	M1060	MCE-MID COAST ENGINEERS, INC	01/14/2021	
	3569	F-Line Pipe Exp.Survey & Mapping Services for 12/20		5,500.00
	3571	CL.Dev. Master Cad of all Boundaries for 11/20 -12/20		23,435.00
Total for Check Number 36720:				28,935.00
36721	M1875	MICROSOFT AZURE	01/14/2021	
	E0600DA0OV	IT-Support Pay as You go for 11/12-12/11/20		14.52
Total for Check Number 36721:				14.52
36722	P1160	MIKE PODLECH	01/14/2021	
	2234	CL Fisheries Support Prof. Services for 12/1 to 12/31/20		1,755.00

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
Total for Check Number 36722:				1,755.00
36723	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	01/14/2021	
	201211-18	Water Samples Surfacewater for 12/11/20		310.00
	201218-05	Water Samples CDS for 12/18/20		169.00
	201221-41	Water Samples Surfacewater for 12/21/20		709.00
Total for Check Number 36723:				1,188.00
36724	O250	ONSET COMPUTER CORP.	01/14/2021	
	188256	Logger Equipt./CL Shallow Groundwater monitor for 1/21		2,894.51
Total for Check Number 36724:				2,894.51
36725	P800	PG & E	01/14/2021	
	1787734656-3	Service at 1859 Beach rd for 12/9 to 1/8/21		1,296.05
	9214983032-2	Service at 1931 Beach rd for 12/9 to 1/8/21		512.75
	9218085363-9	Service at 162 San Andreas Rd for 12/9 to 1/8/21		207.87
Total for Check Number 36725:				2,016.67
36726	R52	RADICLE SEED COMPANY	01/14/2021	
	66265	Seeds for Fline Slopes for 12/20		30.00
Total for Check Number 36726:				30.00
36727	S301	SANTA CRUZ COUNTY CLERK RECORDER'S	01/14/2021	
	FILING FEES	Co. doc. fee for FEIR Wats. Slough app. Fee for 1/21		50.00
Total for Check Number 36727:				50.00
36728	S1405	SC FUELS INC	01/14/2021	
	334056	Agency Vehicles Fuel for 12/16 to 12/17/20		87.14
Total for Check Number 36728:				87.14
36729	S2620	STATE WATER RESOURCES CONTROL BOARD-SWRCB	01/14/2021	
	WD-0183825	Annual Permit Fee for 7/1/20--06/30/21		1,053.00
Total for Check Number 36729:				1,053.00
36730	T305	TELSTAR INSTRUMENTS, INC.	01/14/2021	
	106149	Vehicle/tools/test equipt. Plus site visit for 12/17-12/22/20		2,000.00
	106149	CL site visit for 12/17-12/22/20		425.00
Total for Check Number 36730:				2,425.00
36731	V369	VERIZON WIRELESS	01/14/2021	
	9870244965	Agency Personnel Cell Phones & equipt. for 12/2 - 1/1/21		468.92
Total for Check Number 36731:				468.92
36732	Z100	ZAG TECHNICAL SERVICES, INC.	01/14/2021	
	112616	IT-Agreement Patching & AV Managed for 1/21		1,412.50
	112632	IT-Agreement Support 8x5 for 1/21		390.00
	112673	IT-Monthly Subscription Agreement-Datto for 1/21		815.00
Total for Check Number 36732:				2,617.50
Total for 1/14/2021:				243,374.69
ACH	A1250	AFLAC- FLEX ONE	01/15/2021	
	EE Deferrals	EE PR Deferrals		579.16
Total for this ACH Check for Vendor A1250:				579.16
ACH	A300	ACWA/JPIA	01/15/2021	
	0660402	Credit of Jan Prems pd on A. Esqueda	02/21 Health Prems	-1,042.58
	0660402	02/21- Health Prems	02/21 Health Prems	29,689.17
Total for this ACH Check for Vendor A300:				28,646.59
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	01/15/2021	
	EE Deferrals	EE PR Deferrals		4,165.00
Total for this ACH Check for Vendor N125:				4,165.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	01/15/2021	
	EE Deferrals	EE PR Deferrals		1,489.73
	EE Deferrals	ER/EE Retirement Contributions		8,631.74

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
Total for this ACH Check for Vendor P1300:				10,121.47
ACH	P555	PVWMA-Cafeteria Account	01/15/2021	
	EE Deferrals	EE PR Deferrals		1,109.53
Total for this ACH Check for Vendor P555:				1,109.53
ACH	T359	THE STANDARD INSURANCE COMPANY	01/15/2021	
	00-649299-0087	Long Term Disability Benefits		524.12
Total for this ACH Check for Vendor T359:				524.12
Total for 1/15/2021:				45,145.87
ACH	A1250	AFLAC- FLEX ONE	01/29/2021	
	EE Deferrals	EE PR Deferrals		579.16
Total for this ACH Check for Vendor A1250:				579.16
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	01/29/2021	
	EE Deferrals	EE PR Deferrals		4,515.00
Total for this ACH Check for Vendor N125:				4,515.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	01/29/2021	
	EE Deferrals	EE PR Deferrals		1,489.76
	EE Deferrals	ER/EE Retirement Contributions		8,689.38
Total for this ACH Check for Vendor P1300:				10,179.14
ACH	P555	PVWMA-Cafeteria Account	01/29/2021	
	EE Deferrals	EE PR Deferrals		1,109.53
Total for this ACH Check for Vendor P555:				1,109.53
36733	A400	ACWA/JPIA WORKERS COMP	01/29/2021	
	10/1 thru 12/31/20	Worker's Compensation Ins. for 10/1 to 12/31/20		4,670.84
Total for Check Number 36733:				4,670.84
36734	A1230	ADP-AUTOMATIC DATA PROCESSING	01/29/2021	
	570193129	Agency Payroll Processing Charges PE for 11/14-12/12/20		621.70
	571929774	Agency Payroll Processing Charges PE for 12/26-1/9/21		430.40
Total for Check Number 36734:				1,052.10
36735	C240	CAPIO	01/29/2021	
	MEMBERSHIP	Membership renewal thru 2/11/22		275.00
Total for Check Number 36735:				275.00
36736	C1099	CAROLLO ENGINEERS	01/29/2021	
	194450	Disk Filter Design Mod. Bid Svcs & ESDC for 12/1-12/31/20		17,082.80
Total for Check Number 36736:				17,082.80
36737	W400	CITY OF WATSONVILLE UTILITIES	01/29/2021	
	AC#02389-OFFIC	Office Monthly Utilities for 12/7 to 1/11/21		143.18
Total for Check Number 36737:				143.18
36738	E355	EKI ENVIRONMENT & WATER	01/29/2021	
	B90103.01-02	HS. Professional Services for 11/28 to 12/25/20		6,516.90
Total for Check Number 36738:				6,516.90
36739	F200	FEDERAL EXPRESS, INC.	01/29/2021	
	7-253-94013	To: Lin Water ARC. College Lake for 1/12/21		95.52
Total for Check Number 36739:				95.52
36740	G330	GUTIERREZ CONSULTANTS, INC.	01/29/2021	
	1552	IRWM Drought Grant Support Services for 12/1 to 12/31/20		6,399.00
	1553	SWRCB Prop 1 Phase II Sup. Services for 12/1-12/31/20		5,451.00
Total for Check Number 36740:				11,850.00
36741	M2300	McCROMETER, INC.	01/29/2021	
	545856-RI	Meter Parts Telemetry Project for 1/21		598.84
Total for Check Number 36741:				598.84

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
36742	M1872	MICROSOFT	01/29/2021	
	E0400D8CJM	IT-Online Hydrology 365 Support for 12/17-1/16/21		12.50
Total for Check Number 36742:				12.50
36743	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	01/29/2021	
	210111-42	Water Samples CDS for 1/11/21		979.00
Total for Check Number 36743:				979.00
36744	M1865	MONTGOMERY & ASSOCIATES	01/29/2021	
	9090-20-5	Professional Services for 12/1 to 12/31/20		37,894.88
Total for Check Number 36744:				37,894.88
36745	P800	PG & E	01/29/2021	
	2926809320-9	Service at 36 B Brennan St for 12/22 to 1/21/21		113.73
	2926809320-9	Service at 36 B Brennan St for 12/22 to 1/21/21		37.91
	3771390038-1	Service at Jensen Rd #3 for 12/18 to 1/19/21		29.30
	4291054495-8	Service at 475 San Andreas Rd for 12/21 to 1/20/21		775.29
	5290624576-7	Service at 2240 Beach Rd for 12/18 to 1/19/21		19.90
	9968544374-1	Service at 36 Brennan St for 12/9 to 1/8/21		152.44
	9968544374-1	Service at 36 Brennan St for 12/9 to 1/8/21		457.33
Total for Check Number 36745:				1,585.90
36746	R400	REGISTER PAJARONIAN	01/29/2021	
	16842	EIR Public Notice WSR for 1/15/21		293.15
Total for Check Number 36746:				293.15
36747	R125	RITA RAMIREZ	01/29/2021	
	RAINWATER	Rainwater Catchment System Rebate for 1/21		750.00
Total for Check Number 36747:				750.00
36748	G300	ROCIO GUERRERO	01/29/2021	
	REIMB	Office Supplies Reimb. for 1/21		79.69
Total for Check Number 36748:				79.69
36749	S905	SANTA CRUZ COUNTY PARKS	01/29/2021	
	APN-05218119	APN#'s 05218119 & 05221129 for 7/1/20 -6/30/21		17.00
Total for Check Number 36749:				17.00
36750	S1255	SANTA CRUZ COUNTY PUBLIC WORK	01/29/2021	
	PERMIT#21-025	CD's F-Line Encroachment permit for 1/21/21		316.00
Total for Check Number 36750:				316.00
36751	S1405	SC FUELS INC	01/29/2021	
	0340004	Agency Vehicles Fuel for 1/4 to 1/15/21		172.62
Total for Check Number 36751:				172.62
36752	C1580	SPECTRUM BUSINESS COMMUNICATIONS	01/29/2021	
	0495564012321	LandLine services for 1/23 to 2/22/21		666.46
Total for Check Number 36752:				666.46
36753	T345	THE HOME DEPOT CREDIT SERVICES	01/29/2021	
	1610047	Field Supplies for Basin Monitoring Equipt. for 1/21		37.35
Total for Check Number 36753:				37.35
36754	T328	TREE TOP WEB DESIGN	01/29/2021	
Total for Check Number 36754:				125.00
36755	U185	U.S. BANK EQUIPMENT FINANCE	01/29/2021	
	433716313	RICOH Office Copier for 1/21		207.62
	434051413	RICOH Office Copier (upstairs) for 1/21		92.77
Total for Check Number 36755:				300.39
36756	W80	WAGEWORKS	01/29/2021	
	INV2515861	Mo. Admin. & Compliance Fee fo		110.00
Total for Check Number 36756:				110.00
36757	Z100	ZAG TECHNICAL SERVICES, INC.	01/29/2021	
	112794	IT-Monthly Subscription MS-CSP for 1/21		176.00

Check No	Vendor Invoice	Vendor Description	Check Date Reference	Check Amount
	112953	IT-Agreement Support 8x5 for 1/21		195.00
Total for Check Number 36757:				371.00
Total for 1/29/2021:				102,378.95
			Report Total (88 checks):	673,010.84

MEMORANDUM

DATE: February 12, 2021
MEETING OF: February 17, 2021
TO: Board of Directors
FROM: General Manager
RE: **INFORMATIONAL ITEM 9A:** Basin Management Plan Implementation Update

BACKGROUND

Staff prepares the following update monthly with the intent of keeping the Board and public up-to-date with respect to capital projects planning, funding, and when applicable, construction.

DISCUSSION

- Funding
    - Waiting to hear results of a Department of Water Resources (DWR) proposal for a "2020 Sustainable Groundwater Management (SGM) Grant Program Implementation – Round 1 Grant" in the amount of $5 million in support of the College Lake Integrated Resources Management Project.
    - The State Water Resources Control Board (SWRCB) published the list of "Preliminary Award Projects" (attached) for the "Proposition 1 Storm Water Grant Program Round 2," and PV Water's proposal for the College Lake Integrated Resources Management Project, submitted on July 2, 2020, is not included.
    - Received approval of Invoice #20 package from DWR for Proposition 84 Drought Emergency Grant, in the amount of $1,685,063 on February 1, 2021.
    - Received approval of Invoice #21 package from DWR for Proposition 84 Drought Emergency Grant, in the amount of $351,898 on February 10, 2021.
- Recycled Water Facility Disk Filter Upgrade Project
    - Recorded Notice of Completion of Contract and Acceptance of Work with the County of Santa Cruz on January 22, 2021, following Board approval on January 20, 2021.
    - Project is funded, in part, by low-interest State Revolving Fund loans and a Proposition 1 grant from the State Water Resources Control Board.
- Coastal Distribution System, F-Pipeline Expansion Project
    - Recorded Notice of Completion of Contract and Acceptance of Work with the County of Santa Cruz on January 22, 2021, following Board approval on January 20, 2021.
    - Responding to a CA Department of Industrial Relations records request.
    - The project is funded, in part, by $3,000,000 from DWR Proposition 84, Drought Emergency Grant.
- College Lake Integrated Resources Management Project

    - Engineering: Participated in design meetings with Carollo Engineers and Jacobs Engineering Group, reviewed basis of design reports for the water treatment plant and for the intake & diversion weir structure.
    - Environmental: Initiated work on CEQA to support Rural Pipeline Alignment and the preparation of an Adaptive Management Plan; received draft Invasive Species Plan for internal review.
    - Permitting: Continued working with permitting agencies on pending applications.
    - Stakeholder outreach and engagement is ongoing, including on the recruitment of volunteers to serve on the Ad Hoc Adaptive Management Plan Committee, and via letters sent to College Lake Pipeline Property Owners with an invitation to attend public meetings on February 23 at 7:00 p.m., and February 25 at 3:00 p.m. via GoToMeeting.
    - Property Rights: Continued with property appraisals and held meetings with property owners.
- Watsonville Slough System Managed Aquifer Recharge and Recovery Projects
    - Published the Final EIR on January 8, 2021 and circulated the Notice of Availability.
    - Permitting: Work on water-right permitting continues.
- Metered Telemetry Project
    - Metered retrofit project is underway.
    - Submitted Annual Report #1 in December, 2020.
    - Project is funded, in part, by a Bureau of Reclamation WaterSmart Grant.

FISCAL IMPACT

There is no fiscal impact associated with this monthly update.

STAFF RECOMMENDATION

The Board receives the update.

ATTACHMENTS

- SWRCB "Preliminary Award Projects" list for the "Proposition 1 Storm Water Grant Program Round 2".
- Sample of February 3, 2021 College Lake Pipeline Letter with enclosures.

Prop 1 SWGP List of Preliminary Award Projects

Round 2 Implementation Projects (Awarded February 2021)

FAAST PIN[1]	Project Number	County	Applicant	Proposal Title	Preliminary Grant Award
45973	1	Fresno	City of Mendota	Stormwater Improvement Project	$3,822,800
46080	2	Tuolumne	Twain Harte Community Services District	Twain Harte Community Stormwater Enhancement Project	$3,748,732
45985	3	Monterey	Sand City	West End Stormwater Improvement Project on Contra Costa Street	$2,735,202
45966	4	San Luis Obispo	Oceano Community Services District	Stormwater Capture and Groundwater Recharge Project	$2,450,733
46053	5	El Dorado	City of South Lake Tahoe	Tahoe Valley Stormwater and Greenbelt Improvement Project	$6,922,904
46003	6	Madera	City of Chowchilla	Urban Runoff Management Project	$3,349,635
46076	7	Contra Costa	City of San Pablo	Sutter Avenue Green Street Project	$1,560,000
46095	8	Los Angeles	City of South El Monte	Merced Avenue Greenway Improvement Project	$2,589,214
45942	9	Stanislaus	Modesto, City of	JM Pike Park Stormwater to Sanitary Cross Connection Removal Project	$10,000,000
45957	10	Merced	City of Newman	Newman Environmental Wetland System (NEWS)	$6,410,777
45939	11	Orange	Santa Margarita Water District	Upper San Juan Creek Storm Water Capture, Infiltration, and Potable Reuse Project	$5,967,691
46074	12	Los Angeles	County of Los Angeles	Walnut Park Pocket Park and Stormwater Infiltration Project	$2,096,000
46062	13	Kern	Kern County Public Works Department	Phase 1 Caliente Creek Flood Mitigation	$724,670
46163	14	Stanislaus	Central California Irrigation District	Orestimba Creek Recharge and Recovery Project	$5,597,986

FAAST PIN[1]	Project Number	County	Applicant	Proposal Title	Preliminary Grant Award
45958	15	Santa Monica	City of Santa Monica	Stormwater Harvesting & Treatment Project For Groundwater Injection	$8,770,000
45965	16	Humboldt	City of Fortuna	12th Street Integrated Stormwater Project	$945,850
46087	17	Riverside	Pueblo Unido CDC	St. Anthony Stormwater Capture Project	$1,141,336
46180	18	Monterey	City of Salinas	Salinas Project to Enhance Stormwater Supply (SPERSS)	$6,263,327
46075	19	Los Angeles	County of Los Angeles	Alondra Park Multi-Benefit Stormwater Capture Park	$2,101,061
46034	20	Los Angeles	City of Los Angeles	Valley Village Park Stormwater Capture Project	$3,000,000
46165	21	San Diego	County of San Diego	Mapleview Street Green Infrastructure and Water Quality Improvement Pilot Project	$1,500,000
46173	22	San Diego	San Elijo Joint Powers Authority	Stormwater Capture and Reuse Phase 2 Project	$1,530,080
45941	23	San Bernardino	San Bernardino County Flood Control	Grove Basin Outlet	$4,650,000
46086	24	Kings	McMullin Area Groundwater Sustainability Agency	McMullin On-Farm Flood Capture Projects, Phase 2	$10,000,000
				Total:	**$97,877,998**

Notes:
[1] Financial Assistance Application Submittal Tool (FAAST) Personal Identification Number (PIN)

Source:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans//propositions/prop1_prelim_proj.html

(Accessed 02/11/2021)

PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: (831) 722-9292 FAX: (831) 722-3139
pvwater.org

February 3, 2021

Pajaro Valley Unified School Financing Corp
Attn: Dr. Michelle Rodriguez, Superintendant
P.O. Box 630
Watsonville, CA 95077

RE: Parcel(s) #: 051-501-12 & 051-501-17

Dear Dr. Rodriguez,

The Pajaro Valley Water Management Agency (PV Water) is a state-chartered groundwater sustainability agency that manages the Pajaro Valley Groundwater Basin. PV Water is working to achieve groundwater sustainability by 2040 as mandated by the Sustainable Groundwater Management Act. In 2012, a stakeholder committee recommended that PV Water pursue a project to develop College Lake as a water resource. In 2019, the PV Water Board of Directors (Board) certified the environmental impact report (EIR) for the College Lake Integrated Resources Management Project (Project) and approved the Project. The Project is anticipated to yield 1,800 to 2,300 acre-feet of water per year that would be used as an irrigation supply and would offset groundwater production, helping to reduce groundwater overdraft and seawater intrusion, and thereby help to preserve the Pajaro Valley's long-term water supply and economy. The Project includes the construction of a weir structure with a pumping station, a water treatment plant, and a pipeline from College Lake to PV Water Coastal Distribution System, which is a network of pipes that delivers water to irrigation customers from about La Selva Beach to Moss Landing. The enclosed brochure describes the proposed Project in more detail.

At its December 2020 meeting, the Board received a College Lake pipeline alternatives analysis presentation (https://www.pvwater.org/director-agendas) from Jacobs Engineering Group (Jacobs). The presentation concluded that a rural pipeline alignment, compared to the more urban alignment described in the EIR, would have fewer negative impacts on our community, a faster rate of construction, less utility conflicts, and would be more cost-effective, when compared to the urban alignment described in the EIR. After considering the options, the Board voted to proceed with the College Lake Project Rural Pipeline Alignment as the preferred option for further investigation.

PV Water's consultants are designing and evaluating the potential environmental impacts of the Project's rural pipeline alignment. Based on the preliminary analysis, a portion of the pipeline would cross your property (see enclosed map). PV Water would like to meet with you to discuss the Project, understand how your property is used, and hear what concerns you may have with the proposed pipeline. Also, PV Water would like to request access to your property to allow staff, engineers, appraisers, and environmental scientists to conduct the surveys necessary to support the project in compliance with the California Environmental Quality Act. The surveys will be for soil, biology, and cultural resource identification, and we would coordinate activities with you or your preferred point of contact.

To discuss the Project and review the proposed pipeline alignment, we will be hosting meetings on February 23 at 7:00 p.m., and February 25 at 3:00 p.m., details below; we invite you to join us. We also encourage you to attend any of our public meetings. We discuss this Project monthly at meetings of the Board of Directors (generally held at 7 p.m. on the third Wednesday of each month) and at the Projects & Facility Operations Committee.

We greatly appreciate your consideration and want to emphasize that the College Lake Integrated Resources Management Project would significantly help to balance the Pajaro Valley's groundwater basin by supplying approximately 1,800-2,300 acre-feet of surface water per year that would offset groundwater pumping in a critically overdrafted groundwater basin.

Please review the attached site access agreement and the information about meeting with us, or let us know if there is a time that is more convenient for you. Marcus Mendiola with PV Water is available at 831-722-9292 or mendiola@pvwater.org to discuss the Project with you.

Sincerely,

Brian Lockwood
General Manager

Encls. Project Area Map
Site Access Agreement

Meet with PV Water Staff

Learn about the proposed pipeline alignments being considered and offer your comments.

February 23 at 7:00 pm and February 25 at 3:00 PM

https://www.gotomeet.me/PVWater/college-lake-project

Or call in: 1 877 309 2073 Access Code: 627-883-237#

Email mendiola@pvwater.org **with questions or if these dates do not work for you.**

Project and Facility Operations Committee

Generally, this committee meets the last Wednesday of each month beginning at 3:00 PM.

Upcoming Meetings: February 24, Wednesday, March 31, 2021

Currently, COVID-19 has changed the location of these meetings, to:
https://www.gotomeet.me/PVWater/projects-facility-operations-committee

Dial-in at: 1 (866) 899-4679 Access Code: 747-792-381#

PV Water Board of Directors

Generally, these meetings are held on the third Wednesday of each month beginning at 7:00 PM.

Upcoming Meetings: February 17, March 17, 2021

COVID-19 has changed the location of our meetings to: https://www.gotomeet.me/PVWater/board-of-directors

Dial-in at: 1 (877) 309-2073 Access Code: 347-473-301#

PAJARO VALLEY WATER MANAGEMENT AGENCY
36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: (831) 722-9292 FAX: (831) 722-3139
info@pvwater.org • pvwater.org

051-501-12 & 051-501-17

SITE ACCESS AGREEMENT
COLLEGE LAKE INTEGRATED RESOURCES MANAGEMENT PROJECT
Rural Alignment Pipeline

Permission is hereby granted to Pajaro Valley Water Management Agency (PV Water), including its authorized agents and contractors, to enter in, over and upon owner's land for the sole purpose of conducting environmental studies, engineering planning for design activities, including surveys and soil inspection and an appraisal of my parcel(s) for purposes of a pipeline easement for PV Water's College Lake Pipeline. Such studies and activities will be conducted in connection with the planning, permitting, and design of the pipeline conveyance facilities.

The term of this Agreement shall be from the effective date herein to **December 31, 2023.** PV Water, its agents, and contractors shall confine their activities to the proposed project area as shown in the **attached Figure A**. This Agreement shall allow PV Water its agents and contractors, access to and from, and over and along the proposed project area. Access shall be by existing paved roads and unpaved field roads. PV Water, its agents, and contractors will leave the premises in a clean and orderly condition and will repair, replace, or compensate for damage that may occur to existing improvements during work. The property owner and/or tenants are encouraged to be present during any of the field activities conducted on the property.

PV Water, its agents, and contractors will be thoroughly instructed in proper field procedures and conduct. The following rules will apply:

- Property owners and/or tenants will be given at least 24-hour notice by telephone, email or mail, before entry.
- Gates will be left as they were found.
- All vehicles will stay on existing roads.
- No pets or firearms will be allowed.
- All vehicles will be required to carry fire extinguishers and shovels.
- No Smoking of any kind.
- No trash or other evidence of field visits will be left on the property.
- All field staff will carry identification.
- Vehicle speeds will be limited to five (5) miles per hour on unpaved roads in agricultural properties to minimize dust.

PV Water agrees to indemnify, hold harmless and defend, the undersigned parties harmless from and against any and all loss, liability, expense, claims, costs, suits, damages, and attorney's fees, arising directly out of PV Water's negligent operation or performance under this Agreement.

Pajaro Valley Water Management

By: _____
Brian Lockwood, General Manager

Date: _____

Property Owner(s):

By:_____
Michelle Rodriguez, Superintendant,

Date:_____

Address: _____

_____

Additional Questions:

1. Please list any special conditions we should observe while on your property
   (Please use additional page if required)

2. Owner contact phone:

   Day: _____ Cell: _____

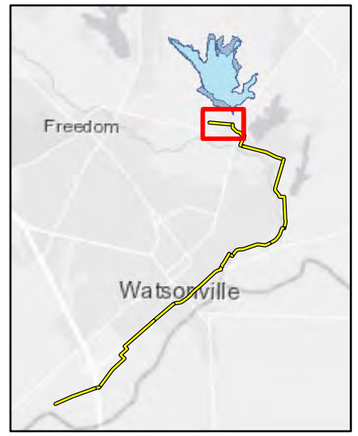
   Evening: _____ Cell: _____

3. If there are tenants on the property, please complete the following so they can be notified before field activities:

   Tenant name(s): _____
   First Name Last Name

   Tenant mailing address: _____
   Street Address City Zip

   Tenant phone: Day: _____ Cell:_____



Legend

College Lake Pipeline

Parcels

DRAFT - Preliminary
For Internal Discussions
Purposes Only

1/13/2021 - Rev 1

N

0 100 200

Feet

1 inch = 200 feet

Note:
Residential parcels do not have
APN numbers displayed

Figure 1 of 13
Pipeline Alignment and Parcels within 200 feet
College Lake Pipeline Project

Service Layer Credits: Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community
Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community

Jacobs

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Legend

College Lake Pipeline

Parcels

DRAFT - Preliminary
For Internal Discussions
Purposes Only

1/13/2021 - Rev 1

N

0 100 200

Feet

1 inch = 200 feet

Note:
Residential parcels do not have
APN numbers displayed

Figure 2 of 13
Pipeline Alignment and Parcels within 200 feet
College Lake Pipeline Project

Service Layer Credits: Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community

Jacobs

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MEMORANDUM

DATE: February 12, 2021
MEETING OF: February 17, 2021
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION/ACTION ITEM 10A:** Consider Adoption of 2021 Cost of Service Rate Study, and Adoption of Resolution No. 2021-05 Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge

---

BACKGROUND

Pajaro Valley Water Management Agency (PV Water or Agency) proposes to revise and increase the Agency augmentation charge and delivered water charge. Agency staff and consultants completed the 2021 Cost of Service Rate Study (Rate Study) as directed by the Board in June 2019. The purpose of the Rate Study is to evaluate, explain, and substantiate the Agency's revenue needs and proposed new augmentation and delivered water charges planned to go into effect July 2021. The Rate Study also serves to provide the documentation necessary to meet Proposition 26, Proposition 218, and other legal requirements.

California Constitution Article XIII C (amended by Proposition 26) and Article XIII D (added by Proposition 218) regulate local agency taxes, fees, and charges. Proposition 218 imposes procedural and substantive limitations and requirements on property-related service charges. Proposition 26 imposes substantive limitations and requirements on other fees and charges.

The Agency delivered water charge is a property-related service charge subject to Proposition 218. In 2017, the California Supreme Court ruled in *City of San Buenaventura v. United Water Conservation District* that groundwater pumping charges (such as the Agency augmentation charge) are not property-related fees subject to Proposition 218. Therefore, the augmentation charge is subject to Proposition 26 and other requirements of state law.

Proposition 218 requires that existing, new, or increased property-related fees and charges meet certain requirements, summarized below (Cal. Const., Article XIII D, Sec. 6):

1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
3. The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
4. No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
5. No fee or charge may be imposed for general governmental services.

Proposition 26 requires that a charge meet certain requirements, summarized below (Cal. Const., Article XIII C, Sec. 1(e)):

1. A charge imposed for a specific benefit conferred to the payor must not exceed the reasonable costs to the local government agency of conferring the benefit.
2. A charge imposed for a specific government service provided to the payor must not exceed the reasonable costs to the local government agency of providing the service.
3. The local government agency bears the burden of proving that the charge is no more than necessary to cover the reasonable costs of the governmental activity and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the activity.

This Rate Study was conducted following the principles established by Propositions 26 and 218 and the American Water Works Association. The Rate Study builds on the work completed for the 2015 Service Charge Report and includes updated cost estimates for the implementation of key Basin Management Plan Update (BMP) projects such as the College Lake Integrated Resources Management Project and the Watsonville Slough System Managed Aquifer Recharge & Recovery Projects.

DISCUSSION

As next steps in the process of adjusting the augmentation and delivered water charges, PV Water staff recommend that the Board adopt the Rate Study and adopt a related resolution approving certain public hearing, notice, and protest procedures.

Rate Study

The Rate Study is the culmination of an effort that began in June 2019, when the Board approved an agreement with Carollo Engineers to conduct a new cost of service study. The Board direction was to prepare an update to the 2015 cost of service study retaining the rate setting methodology adopted in 2015 but updating anticipated revenue needs and associated rates needed to support those revenue needs to continue with the implementation of the projects and programs described in the BMP to reduce groundwater overdraft and retard seawater intrusion. The Rate Study proposes new augmentation and delivered water service charges in compliance with the requirements of Proposition 26 and Proposition 218, respectively.

As in the 2015 effort, the Board formed an Ad Hoc Funding Committee to serve as an advisory committee in the rate setting process. Similar to 2015, the proposal includes two separate tiers of groundwater pumping charges for metered wells, with a slightly higher rate for well users in the delivered water zone. The proposed charge for rural residential wells is based on average estimated usage per residence served. Details of the fees and cost allocations to each user category are presented in the Rate Study.

After receiving comments and input from the Ad Hoc Funding Committee, the Rate Study was prepared for Board consideration and adoption. Upon approval, staff will conduct public outreach in advance of public hearings that will be held in the spring. The new rate structure implementation would be timed to go into effect starting at the beginning of the next fiscal year – July 1, 2021.

Resolution No. 2021-05

Some of the notice, hearing, and majority protest procedures and requirements in Propositions 26 and 218 and other applicable laws are unclear and lacking in detail. Consequently, consistent with the Agency's past practices in 2015 and 2010, Agency staff recommend that the Board adopt a resolution establishing procedures to implement and supplement the notice, hearing, and protest proceedings for the augmentation charge and delivered water charge increases. Staff have prepared a proposed

resolution, which is attached. The intention is to aid the Agency Board and staff and affected property owners, tenants, and ratepayers with regard to the procedures governing the proposed charge increases.

The following are some of the key provisions of the proposed resolution:

- The resolution specifies the notice and hearing procedures that will apply to the delivered water and augmentation charges.
- The public hearing notice for the augmentation charge will be published in a local newspaper, posted at the Agency and on the Agency website, and mailed to those persons who have requested notice.
- The public hearing notice for the delivered water charge will be mailed to the owners of "parcels upon which" the delivered water charge "is proposed for imposition" that are located within the Coastal Distribution System water service area as determined by the General Manager, and to tenants that received delivered water service in the 2020 irrigation season. The resolution specifies how the Agency will determine the name and mailing address of the recipients of the public hearing notice.
- The resolution confirms the contents of the public hearing notices and explains how the Board will conduct the public hearings.
- For the delivered water charge, a written protest may be filed by an owner or a tenant of a parcel. The resolution clarifies who is entitled to protest in situations involving entities and organizations. One protest per parcel will be counted. In determining a majority protest, the numerator will be the number of protests and the denominator will be the total number of parcels subject to the charge.

Next Steps

- February 17, 2021 Board Meeting
  - Adopt the Rate Study
  - Adopt Resolution 2021-05 Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water
  - Direct staff to initiate Service Charge Increase Public Outreach Program
- By March 5, 2021
  - Mail delivered water charge public hearing/Proposition 218 notices
  - Greater than 45 days' notice ahead of April 21, 2021 Board meeting
- March 17, 2021 Board Meeting
  - Receive update on Service Charge Increase Outreach efforts
- By April 11, 2021
  - Publish, post, and mail augmentation charge public hearing notices
- April 21, 2021 Board Meeting
  - Hold public hearing; receive and consider comments and (for delivered water charge) protests
  - Determine if a majority protest exists to Delivered Water rate increase
  - If no majority protest, adopt the Delivered Water Rate Ordinance
  - Adopt the Augmentation Charge Rate Ordinance
- July 1, 2021
  - New rates become effective

RATE STUDY OUTREACH PLAN

An outreach effort will be conducted to provide information to rate payers on the proposed rates adjustments. Staff will work with PV Water's Special Counsel to prepare formal notices of public hearings on the proposed rate adjustments. In addition, staff will host public meetings dedicated to the proposed rate adjustments, and staff will have materials prepared to address questions at the meetings listed below. On February 10, 2021, staff delivered a brief report on the Ad Hoc Funding Committee and the rate setting process to the Santa Cruz County Farm Bureau's Legislative Committee (Legislative Committee). During the meeting, staff asked, and was granted permission, to deliver a more in-depth presentation during the March 3, 2021 meeting of the Legislative Committee. Staff are preparing a fact sheet to summarize the proposed rate increase and will post relevant information at pvwater.org, on social media, and in the local paper.

Date	Event	Location	Time
February 9	Administration & Finance Committee	Teleconference	3:00 p.m.
February 10	Farm Bureau Legislative Committee	Teleconference	11:30 a.m.
February 17	Board of Directors Meeting	Teleconference	7:00 p.m.
March 3	Farm Bureau Legislative Committee	Teleconference	11:30 a.m.
March 9	Administration & Finance Committee	Teleconference	3:00 p.m.
March 17	Board of Directors Meeting	Teleconference	7:00 p.m.
April 7	Farm Bureau Legislative Committee	Teleconference	11:30 a.m.
April 13	Administration & Finance Committee	Teleconference	3:00 p.m.
April 21	Board of Directors Meeting – HEARING	Teleconference	7:00 p.m.
TBD*	Morning Meeting	Teleconference	10:00 a.m.
TBD*	Afternoon Meeting	Teleconference	2:00 p.m.
TBD*	Evening Meeting	Teleconference	7:00 p.m.

*Assuming two meetings in March and one in April, with more to be added if requested.

At each meeting, PV Water staff will deliver a brief presentation and address questions from attendees. At upcoming regular meetings (Administration & Finance and Board of Directors) staff can agendize the item but then pull it if no public attend the meeting for this purpose. Although this is focused outreach related to the rates setting effort, staff will continue with ongoing Basin Management Plan implementation educational outreach.

FISCAL IMPACT

No fiscal impact at this time. The new rates structure to be implemented on July 1, 2021, will increase revenues to fund BMP projects and programs. The Public Outreach Program to support the proposed fee structure is within the Agency's current budget.

STAFF RECOMMENDATION

1. The Board adopt the 2021 Cost of Service Rate Study and direct staff to initiate the Public Outreach Program.
2. The Board adopt Resolution 2021-05 and direct staff to proceed with noticing the public hearings.

ATTACHMENTS

- The 2021 Cost of Service Rate Study is attached and posted as a stand-alone document on the Agency's website at the following location: https://www.pvwater.org/ad-hoc-funding-committee.
- Resolution No. 2021-05 Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge.

DRAFT 2021 COST OF SERVICE RATE STUDY

Pajaro Valley Water Management Agency

February 2021

carollo

Pajaro Valley Water Management Agency

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Abbreviations

AF	Acre-Feet
AFY	Acre-Feet per Year
Agency Act	Pajaro Valley Water Management Agency Act
AWWA	American Water Works Association
BMP	Basin Management Plan
Carollo	Carollo Engineers
CDS	Coastal Distribution System
DSCR	Debt Service Coverage Ratio
DWR	California Department of Water Resources
DWZ	Delivered Water Zone
ELA	Engineering, Legal, and Acquisition
FYE	Fiscal Year Ending
GIS	Geographic Information System
GSP	Groundwater Sustainability Plan
MEU	Meter Equivalent Unit
O&M	Operations and Maintenance
PAYGO	Pay-as-you-go
Proposition 218	Article XIII D of the California Constitution
Proposition 26	Article XIII C of the California Constitution
PVGB or Pajaro Basin	Pajaro Valley Groundwater Basin
PV Water or Agency	Pajaro Valley Water Management Agency
R&R	repair and replacement
RW	Recycled Water
RWF	Recycled Water Facility
SGMA	Sustainable Groundwater Management Act
SRF	State Revolving Fund
SWRCB	California State Water Resources Control Board
Study	2021 Cost of Service Rate Study

DRAFT

Section 1

INTRODUCTION

1.1 Study Purpose

Pajaro Valley Water Management Agency (PV Water or Agency) retained Carollo Engineers, Inc. ("Carollo") to conduct this 2021 Cost of Service Rate Study (Study). The purpose of this Study is to assess the Agency's current and forecasted augmentation and delivered water charges, financial metrics, water demands, and cost allocations, and provide recommendations to increase each charge starting with Fiscal Year Ending (FYE) 2022 through 2026.[1] Carollo performed the Agency's previous rate study, which was completed in early 2015. The Agency's Board of Directors subsequently adopted Ordinances 2015-01 and 2015-02, which established rates from FYE 2016 through FYE 2020 that were followed by a continuation of FYE 2020 rates in FYE 2021.

The primary purpose of this cost-of-service analysis is to provide a rational basis for distributing service costs (Administration, Operations, Metering, Planning, and Capital) to each customer class in proportion to the demands they place on the system and benefits received from Agency services, consistent with the cost of service and other substantive requirements of California Constitution Article XIII C (referred to in this Report as "Proposition 26") and Article XIII D, Section 6 (referred to in this Report as "Proposition 218"). This Report provides supporting documentation required by Propositions 26 and 218 and other laws. The Report and analysis build off the Agency's 2015 Proposition 218 Service Charge Report and subsequent legal opinions and court decisions that provide a foundation for the augmentation and delivered water charges that fund the Agency's services. The 2015 report[2] is incorporated by reference as part of this 2021 report (except, to the extent there are differences, this 2021 report will govern).

1.2 About Pajaro Valley Water Management Agency

PV Water is a state-chartered water management district, formed in 1984 by the Pajaro Valley Water Management Agency Act (Agency Act) to efficiently and effectively manage existing and supplemental water supplies in the Pajaro Basin. In 2014 the Sustainable Groundwater Management Act (SGMA) became law, and the PV Water Board of Directors in 2015, voted to become the Groundwater Sustainability Agency for the Pajaro Valley Groundwater Basin (PVGB or Pajaro Basin). The PVGB is located along the Central California coast and runs from the Coastal Range to the Monterey Bay. Figure 1 presents a map of the Agency's service area and includes communities located in the Pajaro Valley.

[1] The Agency's fiscal year begins on July 1 and ends on June 30 of the following year.
[2] The 2015 Cost of Service Report is available from the Agency office and at https://www.pvwater.org/ad-hoc-funding-committee.

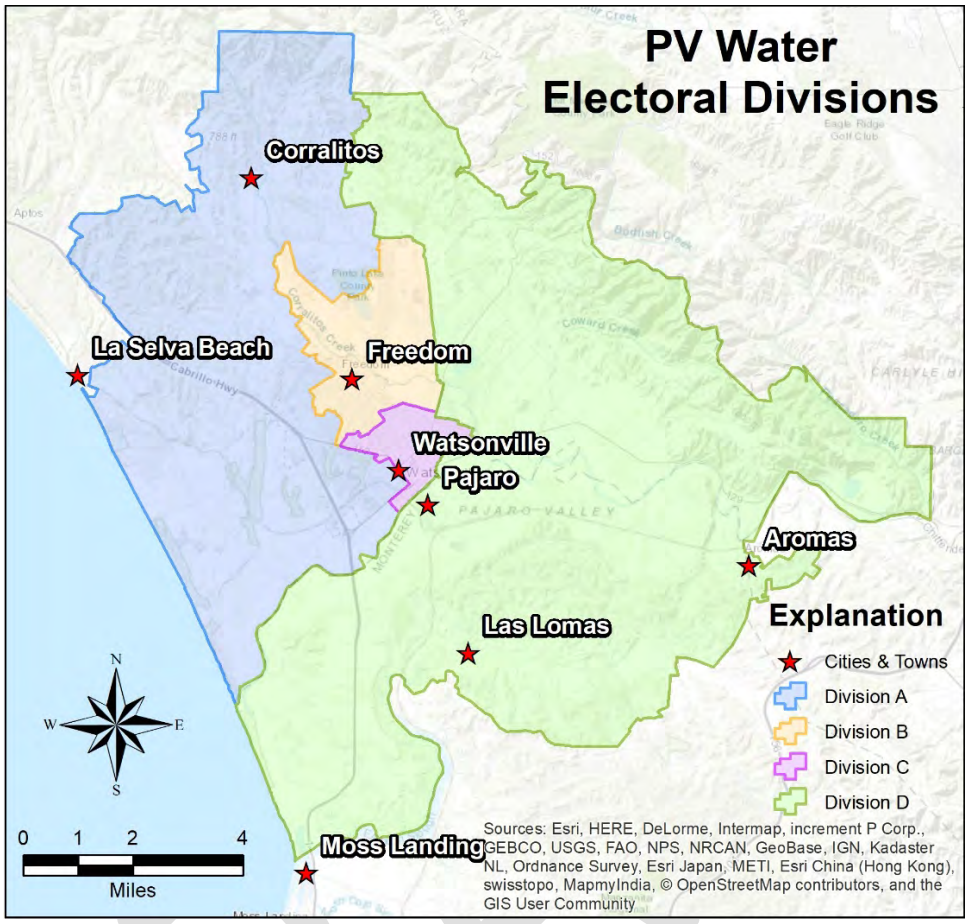

Figure 1 Pajaro Valley Water Management Agency's Service Area

Section 102 of the Agency Act sets forth the following water resource management objectives.

1. Local groundwater resources should be managed toward the avoidance and eventual prevention of conditions of long-term overdraft, land subsidence, and water quality degradation.
2. Local economies should be built and sustained on reliable, long-term supplies and not long-term overdraft as a source of water supply.
3. Water management programs should include reasonable measures to prevent further increases in the amount of long-term overdraft and to accomplish continuing reduction in long-term overdraft, realizing that an immediate reduction in long-term overdraft may cause severe economic loss and hardship.
4. Conservation and economically efficient management of water resources are necessary to meet the needs of agriculture, industry, and urban communities. Economic efficiency requires that water users pay their full proportionate share of the costs of developing and delivering water. Property taxes shall not be used for payment of these costs. Agricultural uses shall have priority over other uses under this act within the constraints of state law.
5. Water conservation programs appropriately include the ability of a water management agency to recognize existing beneficial uses, and to acquire, buy, and transfer water and water rights in the furtherance of its purposes.

6. Efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and ensure sufficient water supplies for present and anticipated needs within the boundaries of the Agency.
7. The water management agency should, in an efficient and economically feasible manner, utilize supplemental water and available underground storage and should manage the groundwater supplies to meet the future needs of the basin.

Historic groundwater use has led to serious overdraft conditions in the Pajaro Basin. Overdrafting depletes the groundwater supply by extracting more water than is replenished or recharged. The continued overdraft has resulted in seawater intrusion. As groundwater is drawn below sea level, seawater flows into the aquifer rendering the groundwater too saline for agricultural or domestic use.

Recent levels of consumption have resulted in groundwater levels below sea level across much of the basin. Table 1 summarizes the historical overdraft and the estimated consumption for agricultural and non-agricultural water uses for the ensuing year. As shown in the table, the Pajaro Basin overdraft is expected to continue.

Table 1 Historical and Estimated Groundwater use in the Pajaro Basin

Estimated annual overdraft(1) for the current water year.(2)	21,600 AF
Estimated annual overdraft for the ensuing water year.	20,000 AF
Average annual overdraft for the immediate past 10 water years.	14,3500 AF
Estimated accumulated overdraft(3) as of the last day of the preceding water (estimated since 1964).	704,190 AF
Estimated accumulated overdraft as of the last day of the current water year (estimated since 1964).	718,540 AF
Total production of water from groundwater supplies for the preceding water year.	43,080 AF
Estimated amount of agricultural water to be withdrawn for the ensuing water year.	40,000 AF
Amount of non-agricultural water to be drawn for the ensuing water year.	8,500 AF
Estimated amount of water necessary for surface distribution for the ensuing water year.	7,100 AFY
Amount of water necessary for the replenishment of the ground water supplies.	18,100 AFY
Amount of water the district is obligated by contract to purchase.	0 AFY

Notes:
(1) Defined as the amount by which the production of water from groundwater exceeds the natural replenishment of the groundwater supplies in the water year. The Pajaro Valley Hydrologic Model report (Hanson et al, 2014) provides estimates of long-term average annual overdraft (12,500 AF over the period 1964 - 2009), as well as a range of groundwater inflows and outflows. Model data were used in conjunction with measured production to populate the table. The values are estimates and subject to change pending further improvements to the understanding of the hydrologic system. All values were rounded to the nearest ten acre-feet.
(2) Defined as October 1 of one calendar year to September 30 of the following calendar year.
(3) Defined as the total amount of water necessary to be replaced in the intake areas of the groundwater basin to prevent the landward movement of salt water into the fresh groundwater.

Between 2015 and 2019, total annual water consumption in Pajaro Basin has averaged approximately 51,200 acre-feet (AF). Of this total, over 80 percent of Pajaro Basin groundwater is used for agricultural production. As illustrated in Figure 2, water demands are volatile and closely correlated with annual rainfall.

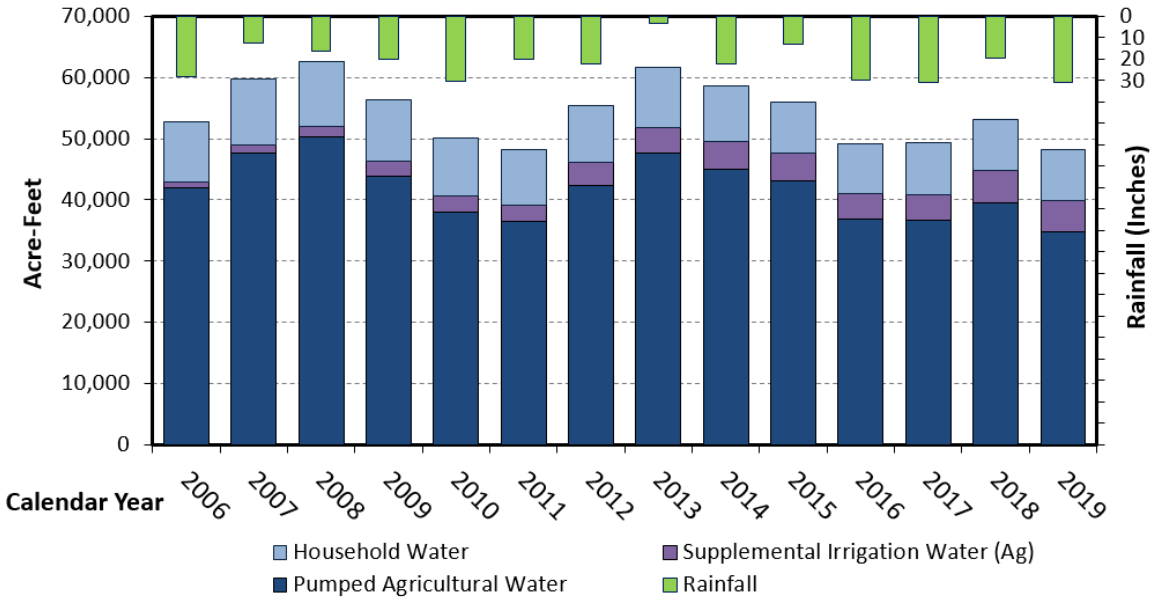

Figure 2 PV Water Consumption and Precipitation Trends, 2006 -2019

1.2.1 Basin Management Plan

The Agency pursues its state law objectives, guided by a Basin Management Plan (BMP) and pursuant to the Agency Act and California's AB 3030 Groundwater Management Act. Originally adopted in 1993, the BMP was revised in 2002 and updated in 2014 (BMP Update). The BMP Update was the product of a two-year process, advised by an Ad-Hoc BMP Committee consisting of three Agency representatives and 18 representatives of diverse customer and community interests. The Agency's Board adopted the BMP Update in April 2014, following a two-year process to complete and certify an accompanying Environmental Impact Report, as required by California law and administrative regulations. In 2014, the PV Water Board directed staff to submit the BMP Update and associated documents to the Department of Water Resources (DWR) as an Alternative to a Groundwater Sustainability Plan (GSP) as provided by SGMA. In 2019, DWR notified PV Water that its GSP-Alternative submittal was approved as a SGMA-compliant plan and functionally equivalent to a SGMA GSP.

The BMP Update recommends the following projects and programs to supplement existing facilities and services:[3]

- *Conservation:* reduce annual irrigation water use by 5,000 acre-feet per year (AFY) by the end of 2023.
- *Increased Recycled Water Storage:* construct up to 2 million gallons of storage at the recycled water facility (RWF)[4] to increase recycled water deliveries by approximately 750 AFY during peak irrigation season.

[3] These projects and programs are described in more detail in the BMP Update.
[4] In 2009, the Agency partnered with the City of Watsonville to build a RWF that can deliver tertiary treated disinfected, recycled water for irrigation purposes to users in the coastal area.

- *College Lake Integrated Resources Management Project*[5]*:* during the summer months, send water from College Lake through a new pipeline to (a) the RWF storage tank to supply the Coastal Distribution System (CDS) or (b) directly to the CDS, with provisions to supply inland users along the new water main pipeline. The water from College Lake can replace potable water currently used for blending[6] and water from the Agency's blend wells in the coastal zone.
- *Watsonville Slough System Managed Aquifer Recharge & Recovery Projects*[7]*:* install new shallow extraction wells at the Agency's recharge basin, upgrade the pump station and filters at the slough diversion to improve system operation and recharge percolation rates, and construct a new recharge basin; divert water from the Struve Slough to surficial aquifers during winter high flows from December to May.
- *Murphy Crossing with Recharge Basins:* divert water from the Pajaro River between December and May to recharge the basin in the vicinity of Murphy Crossing.

1.2.2 PV Water Services

The Agency's investments in integrated water infrastructure and associated water management programs are intended to protect and enhance the quantity and quality of groundwater resources in the Pajaro Basin by increasing supplemental water supply and water conservation and reducing groundwater pumping. With the completion of several water projects and the planned addition of projects described in the BMP Update, the Agency provides two types of water service: 1) supplemental water service; and 2) delivered water service. Supplemental water service is funded by the Agency augmentation charge while delivered water service is funded through the Agency delivered water charge.

1.2.2.1 Supplemental Water Service

The Agency provides supplemental water service to groundwater users throughout the Pajaro Basin. Supplemental water service includes the purchase/acquisition, capture, storage, and distribution of supplemental water through existing facilities, as well as the implementation of projects identified in the BMP Update to reduce groundwater overdraft and retard seawater intrusion. Existing facilities include the Watsonville RWF, supplemental wells for blending, the Harkins Slough Project, and the CDS. These facilities, and the projects identified in the BMP Update, are intended to advance the following Agency objectives for the benefit of all groundwater users in the Pajaro Basin.

- Protect and maintain the ability of property owners basin-wide to continue ongoing groundwater extraction;
- Secure the basin water supply;
- Retard seawater intrusion;
- Reduce overdraft;
- Promote water conservation; and,

[5] Known in the BMP as "College Lake with Inland Pipeline to CDS".
[6] The RWF produces recycled water with chloride and sodium concentrations above the desired agronomic objective. In order to reduce these constituents and improve the quality of delivered water for irrigation purposes, the recycled water must be blended with higher-quality (lower salinity) water. Therefore, the recycled water project includes the construction, operation, and maintenance of wells that provide lower salinity water to blend with the recycled water. The wells (or another source of lower salinity water) are an essential component of the recycled water project.
[7] Known in the BMP as two projects: "Harkins Slough Recharge Facilities Upgrades" and "Watsonville Slough with Recharge Basins".

- Avoid harsher and stricter groundwater pumping limits that could be imposed by the Agency, State Water Resource Control Board, or court adjudication and order, and thereby protect and preserve the ability of all groundwater pumpers throughout the groundwater basin to continue relying on groundwater resources without regulatory limits.

Supplemental water service also includes (a) the design, construction, operation, maintenance, monitoring, management, repair, replacement and improvement of the existing and planned projects and facilities and water meters, (b) ongoing and future debt service related to the design and construction of the projects and facilities, (c) groundwater monitoring and modeling, water quality monitoring, water resources and groundwater basin planning and management, including periodic updates of the Agency's BMP, as appropriate to evaluate the effectiveness of the existing projects, determine improvements and enhancements, and identify future supplemental water projects that will further reduce groundwater overdraft and retard seawater intrusion, and (d) activities and actions to implement the groundwater management program as described in the BMP Update, and (e) activities and actions relating to compliance with and implementation of California Regional Water Quality Control Board permit requirements.

The supplemental water service is funded primarily through an augmentation charge pursuant to Agency Act Section 1001. The augmentation charge is a charge levied on the extraction of groundwater from wells within the Agency. In order to administer the charge, it is necessary for the Agency to know the actual or reasonable estimate of groundwater extraction from each well. The Agency installs meters on all wells capable of extracting 10 or more AFY. There are four well types in the Agency: (1) municipal wells operated by retail water providers; (2) agricultural wells; (3) industrial wells; and (4) small wells that serve rural residential parcels that are not connected to a public or community water system. The municipal, agricultural, and industrial wells are metered and they account for approximately 88 percent of the total PVGB water use. There are approximately 1,100 wells serving the rural residential parcels, which account for approximately 2 percent of the water use, and the remaining 10 percent of water use is by delivered water users. For the numerous rural residential wells, with the relatively small quantity of groundwater extraction, the Agency determined that it would not be cost-effective for the Agency or the landowners to install, read, operate, maintain, and repair the approximate 1,100 meters that would be required. The Agency therefore administers the augmentation charge for the rural residential well owners based on a reasonable estimate of extraction. For any rural residential well owner who prefers to be billed on actual usage, the Agency will authorize the installation of a meter at the well owner's expense.

1.2.2.2 Delivered Water Service

In addition to the supplemental water services provided basin-wide, the Agency supplies delivered water to property owners within the Delivered Water Zone (DWZ) through the CDS. Delivered water is produced by Agency facilities constructed and operated to protect the groundwater basin from overdraft and seawater intrusion. Delivered water service includes the design, construction, operation, maintenance, management, monitoring, repair and replacement of existing facilities, and other facilities identified in the BMP Update that provide irrigation water to delivered water service customers. Existing facilities include the Watsonville RWF, supplemental wells, the Harkins Slough Project, CDS, turnouts, turnout meters, and other facilities that provide for the delivery of water through the CDS at pressure levels appropriate for irrigation.

The DWZ delineates those water users able to receive delivered water directly from the Agency (Figure 3). Delivery and use of delivered water in the DWZ helps to preserve the amount and quality of the groundwater underlying the properties in the DWZ. Because of this, properties in the DWZ are subject to a higher augmentation charge, which reflects the higher level of services provided through the immediate availability of delivered water and the benefits to the underlying groundwater.

Similar to supplemental water service, delivered water service includes basin management planning and implementation activities required to effectively manage water supplies in the Pajaro Basin and management activities required to identify supplemental water sources to provide the required delivered water quantity and quality without adverse impact to the PVGB. This service also includes water quality monitoring and testing of the recycled water to ensure it meets requirements of the Central Coast Regional Water Quality Control Board and Agency customers (e.g., farmers).

Delivered water service includes processing of water delivery orders, scheduling delivery of water, cross connection analysis and backflow prevention device testing, monitoring and inspection of recycled water use sites, and meter-related activities.

The Agency funds this service through a delivered water charge imposed on users of the delivered water service. The only property owners subject to the delivered water charge are those who apply for and receive delivered water from the Agency through the CDS. The charge is authorized by Sections 501, 704, 711, and 714 of the Agency Act.

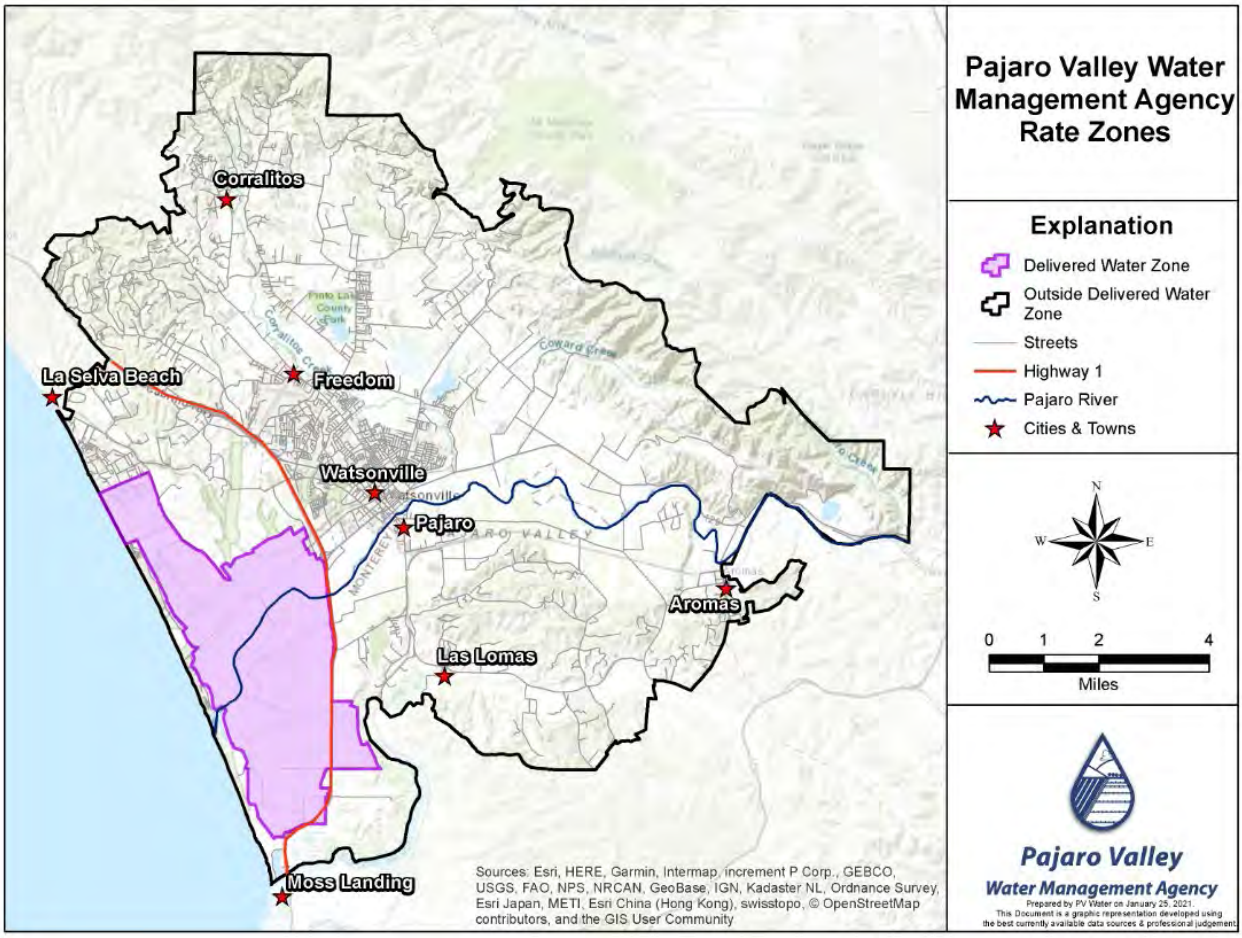

Figure 3 PV Water Rate Zones

1.3 Overview of Rate-Setting Process

Carollo's rate-setting methodology is consistent with California law and industry guidelines established by the M1 Manual, which is published by the American Water Works Association (AWWA), a national industry trade group that makes recommendations on generally accepted practices in the water industry.

In California, water rates must adhere to the cost of service and other requirements imposed by Article XIII C (Proposition 26) and Article XIII D (Proposition 218) of the State Constitution. Proposition 218 requires that property-related fees and charges, including the Agency's delivered water charge, do not exceed the proportional cost of providing the service. In the California Supreme Court's 2017 ruling in *City of San Buenaventura,*[8] the court ruled that groundwater pumping charges (such as the Agency's augmentation charge) are not property-related fees subject to Proposition 218.[9] As such, they are subject to Proposition 26, which sets forth substantive standards that apply to charges that are not subject to Proposition 218. Proposition 26 states that a groundwater pumping charge must not exceed the reasonable costs to the local government agency of conferring benefits to the payors, that the charge must not exceed the reasonable costs to the local government agency of providing the service to the payors, and that the local government agency bears the burden of proving that the charge is no more than necessary to cover the reasonable costs of the governmental activity and the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the activity.[10] In addition, Article X (2) of the State Constitution establishes the need to preserve the State's water supplies and discourages the wasteful or unreasonable use of water by encouraging conservation.

The cost of service allocations and corresponding rates in this Report were developed using guidelines set forth in the Agency Act, the Agency's 2015 Service Charge Report, and detailed information provided by the Agency. The rates presented in this report adhere to Articles X (2), XIII C, and XIII D of the California Constitution and industry standards for utility rate setting established by the *AWWA M1 Manual*.

Revenue Requirement Analysis

The revenue requirement analysis compares forecasted revenues of the Agency (under existing rates and forecasted water demands) to its forecasted operating, maintenance, and capital costs. This step tests the adequacy of existing rates to recover the Agency's forecasted costs. If there are shortfalls, increases to rate revenue are typically recommended.

Water Demand Analysis

Forecasting water sales and purchases and groundwater pumping rates are a critical component in the rate setting process. As part of the budget process, the Agency forecasts expected water usage based on historical demand, proposed changes to rates, regulatory impacts, weather, water resources and water availability, and other variables. Future demands are based on historic usage and escalated for projected growth (if appropriate) and per capita demand changes. These forecasted water demands are then compared against forecasted revenue requirements, and rates are developed to recover costs.

Cost of Service Analysis

The cost of service analysis builds a link between the Agency's cost of water service and the proposed rates for each water user. After determining the revenue requirement, this step outlines the cost to deliver each unit of water and to serve each water user. This process allocates capital, operating and maintenance costs of providing Agency services to functional cost categories that reflect different service levels attributable to each water user (i.e., metered well, unmetered well, within and outside the DWZ, and delivered water).

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[8] *City of San Buenaventura v. United Water Conservation District* (2017) 3 Cal.5th 1191.

[9] In 2015, because of uncertainty in the law at that time, the Agency conservatively treated the augmentation charge as a property-related service charge subject to Proposition 218. With the Supreme Court clarifying the law in 2017, moving forward the Agency will not treat the augmentation charge as a charge subject to Proposition 218.

[10] California Constitution, Article XIII C, § 1 (e)

Organizing the budget in terms of end function allows the creation of a reasonable relationship between budgeted items and the rate charged to water users. This organization bridges the costs incurred by the Agency and the unique and varied benefits and services delivered to each water user. As in the Agency's 2015 Service Charge Report, PV Water identified five functional cost categories for this Report:

1. Supplemental water service to groundwater users;
2. Delivered water service;
3. Billing;
4. Metering; and
5. Additional services to metered water users within the DWZ.

Rate Design & Calculation

Rate design involves developing service charges (e.g., augmentation and delivered water charges) that equitably and proportionately recover costs from all water users. This rate equity is built upon each water user's relative use of the system.

Rate design requires a fine balance of objectives. Rates should be resilient and flexible enough to withstand changing cost and demand scenarios while maintaining affordability, equity, and ease of understanding. By collecting different cost drivers from different rate components, the Agency can ideally balance these goals.

The rate calculation provides the reasonable relationship between revenue requirements, functional cost allocation, and final rates charged to water users. The process connects planned and forecasted expenditures to the designed rates by establishing rates that match estimated revenue generation with expenditures.

Figure 4 below illustrates the Agency's methodology for conducting this cost of service study and rate-setting process.

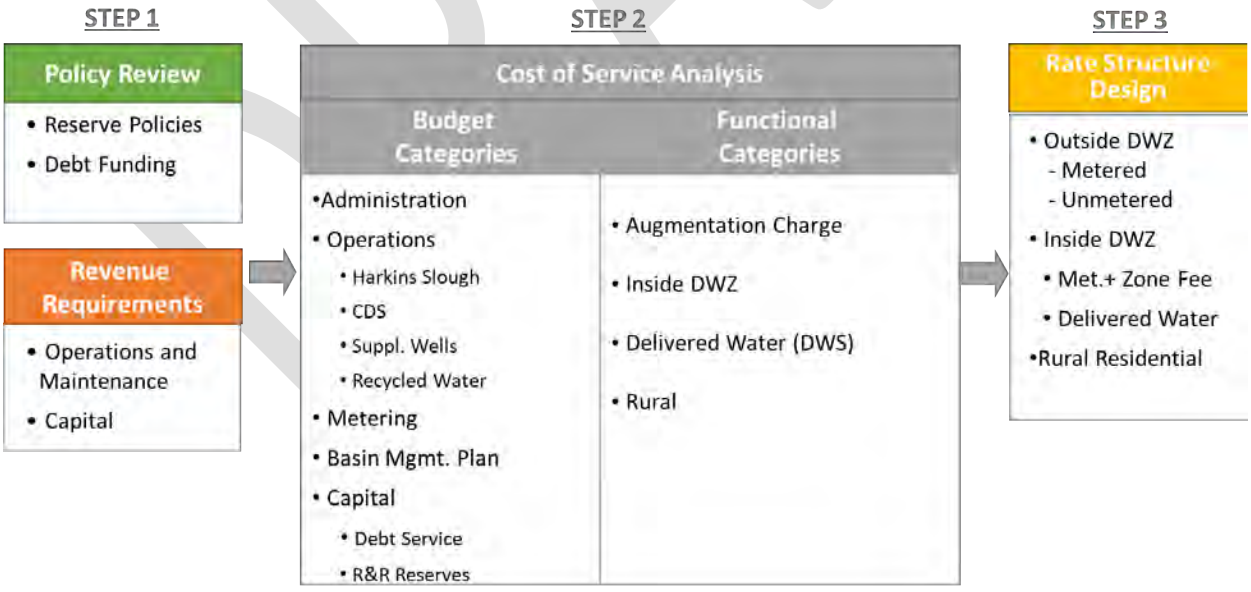

Figure 4 Cost of Service Methodology

Rate Adoption Process

Water agencies in California are required to meet procedural requirements for rate adoption or increase under state law. Proposition 218 governs the process for adjusting the delivered water charge. The Agency must hold a public hearing to consider the proposed rates and provide written notice to affected property owners and tenants at least 45 days in advance of the final rate adoption hearing. During this notice period, any property owner or tenant may protest the proposed rate increases. If less than a majority of customers submit written protests to the proposed rates, the Board of Directors may proceed with a vote on adoption of the proposed rates.

The Agency Act and Government Code section 66018 govern the process for adjusting the augmentation charge. The Agency must hold a public hearing to consider the proposed rates and provide 10-day public hearing notice through publication and posting.

The applicable procedures for both charges are set forth in more detail in the Agency Resolution Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge.

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Section 2

WATER USERS AND DEMANDS

The Agency recovers capital, operating, and other costs of providing supplemental and delivered water services by imposing service charges on users and beneficiaries based on the following user categories.

1. *Metered Water Users - Inside the DWZ.* Includes owners of agricultural wells with meters located within the DWZ. These owners and their tenants have turnouts to the CDS and access to the Agency's supplemental water supply. Well owners are subject to an **augmentation charge** based on pumping. Delivered water users in this category are subject to the **delivered water charge** *(see #3 below).*
2. *Metered Water Users - Outside the DWZ.* Includes owners of wells with meters located outside of the DWZ. Water users in this category are subject to an **augmentation charge**.
3. *Delivered Water Users.* Includes property owners and tenants located within the DWZ who receive recycled water distributed through the CDS. All consumption of delivered water is metered. Water users in this category are subject to a **delivered water charge**.
4. *Unmetered Water Users.* Includes owners of rural residential water wells without meters. Water users in this category are subject to an **augmentation charge**. Unmetered rural water users are currently billed based on estimated use of 0.5 AF of groundwater per residence per year. Larger residential wells, producing at least 10 AF per year or more, and wells serving 15 or more connections, are metered and charged for their consumption as metered water users.

2.1 Historical Consumption

Table 2 presents historical consumption in acre-feet and account data for metered and delivered water users. As seen in the historical data, metered water users account for the majority of water consumption within the Pajaro Basin.

Metered, unmetered, and delivered water users have different service characteristics, and as such, are the defined classes considered in the cost of service analysis and development of rates. Historical consumption patterns and water user accounts were compared for each of the classes over the previous twelve years. Figure 5 presents a comparison of historical consumption by class from 2015 to 2019.

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Table 2 Historical Water Consumption & Accounts

Water User	2015 (AF)	2016 (AF)	2017 (AF)	2018 (AF)	2019 (AF)	5-Year Average (2015-19; AF)	Avg. No. of Well Owners / Accounts
Outside DWZ							
Metered Water Usage	44,139	38,512	39,011	41,080	36,374	39,823	829
Unmetered Water Usage	1,471	1,205	1,298	1,235	1,244	1,291	1,133
Subtotal Outside DWZ	**45,610**	**39,717**	**40,309**	**42,315**	**37,618**	**41,114**	**1,962**
Inside DWZ							
Metered Water Usage	5,857	5,117	4,210	5,275	3,818	4,856	79
Delivered Water Usage	4,638	4,139	4,203	5,213	4,617	4,562	59
Subtotal Inside DWZ	**10,495**	**9,256**	**8,413**	**10,488**	**8,435**	**9,417**	**138**
Total	**56,105**	**48,972**	**48,722**	**52,803**	**46,053**	**50,531**	**2,100**

Notes:
(1) Totals may not tie due to rounding.

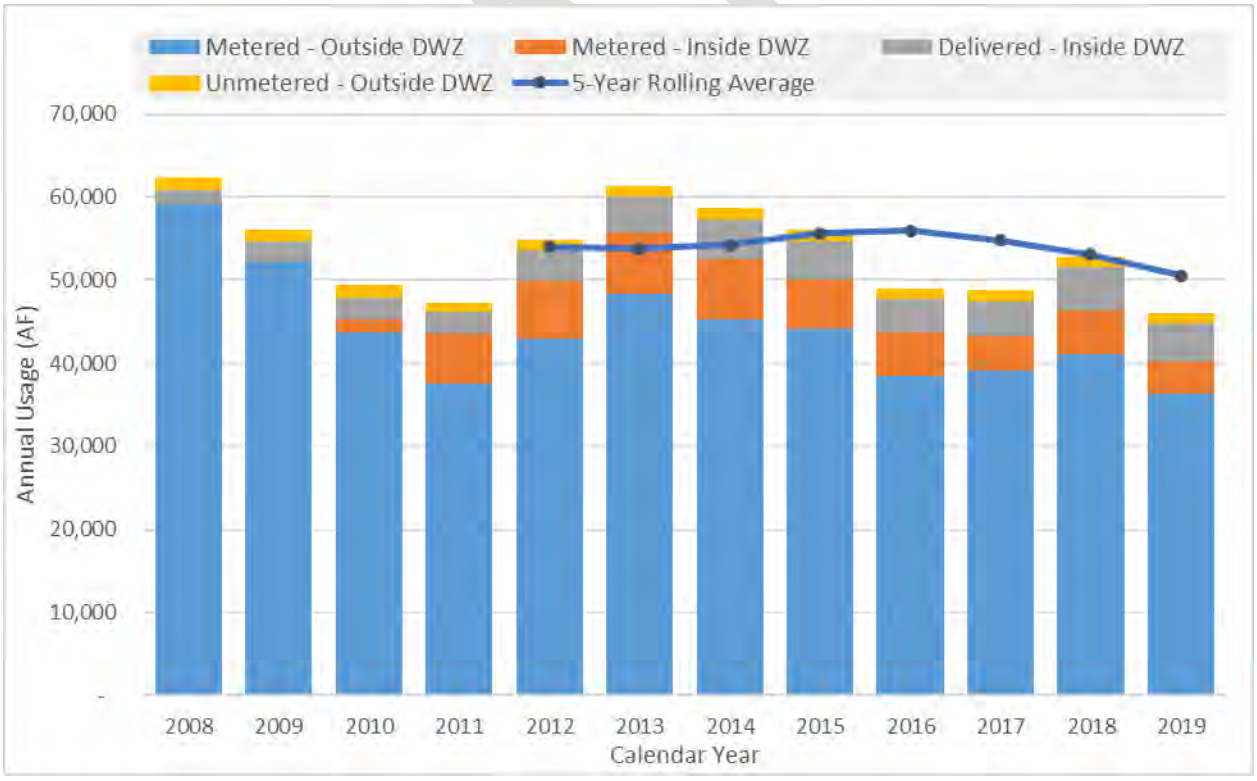

Figure 5 Historical Water Consumption by Calendar Year for All Users

2.2 Metered Water Users

The metered water user category includes municipal, industrial, and agricultural well owners. Municipal water users include the City of Watsonville, Aromas Water District, California Water Service, and the Pajaro/Sunny Mesa Community Services District. The volume of water consumed[11] by all municipal water users is metered.

The Agency requires metering at all agricultural, industrial, and commercial wells producing at least 10 AF per year. A well is required to be metered if it serves 10 acres of orchard, 4 acres of berries or row crops, or 2.5 acres of greenhouse facilities. Metering is optional for all agricultural, industrial, and commercial wells producing less than 10 AF per year.

The Agency tracks and bills metered consumption quarterly for metered water users. The past five years of quarterly consumption patterns are presented in Figure 6.

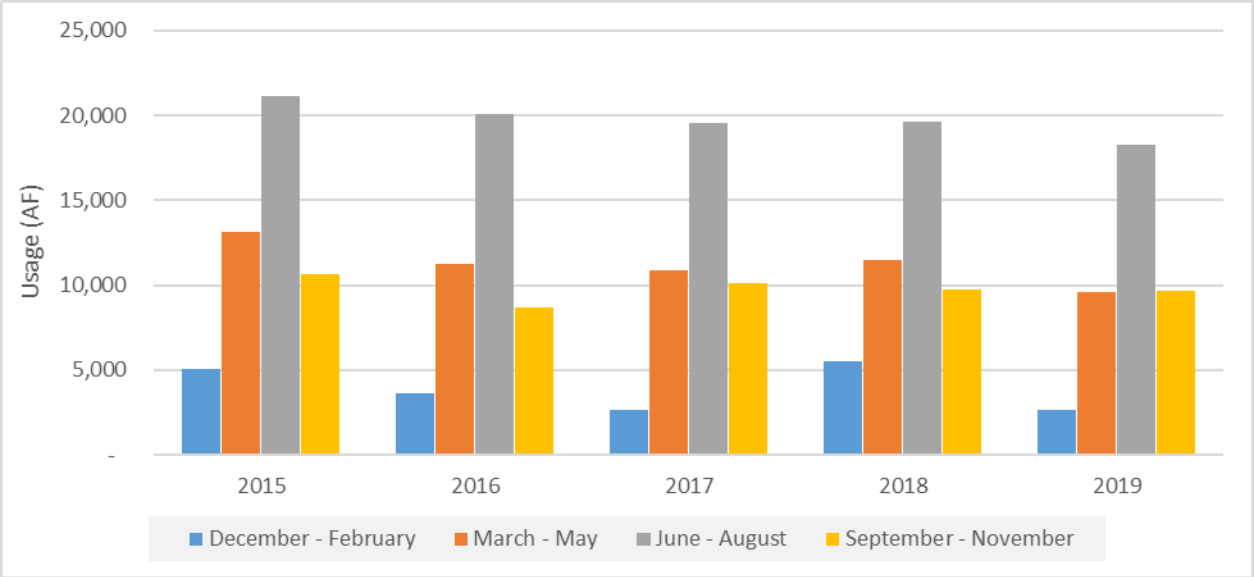

Figure 6 Seasonal Consumption for Metered Users (2015-2019)

2.2.1 Metered Water Users in the Delivered Water Zone

Metered water users located within the DWZ use turnouts to access the Agency's supplemental supply of high-pressure delivered water. Some property owners with wells in the DWZ are not currently connected but have the ability to connect to the CDS to access the Agency's delivered water. This immediate access to the delivered water supply represents a higher level of supplemental water service for well users located inside the DWZ when compared to property owners with wells outside the DWZ. Therefore, well owners located inside the DWZ constitute a distinct class and pay a higher augmentation charge to reflect the higher level of service.

Water quality regulations prohibit connection of a domestic water supply to the delivered water system. Therefore, unmetered rural residential water users in the DWZ are excluded from water users receiving access to an alternate water supply.

[11] This report uses "consumption" to refer to both water extracted by groundwater wells (for purposes of the augmentation charge), as well as Agency recycled water delivered to customers from the CDS (for purposes of the delivered water charge).

Table 2 presents the consumption and number of metered and delivered water users in the DWZ. These metered water users have access to services of the CDS and are charged for their share of the additional cost of service, based on available capacity of the system, provided to metered water users subject to the augmentation charge in the DWZ.

2.3 Delivered Water Users

Delivered water users receive a blend of well water, tertiary treated recycled water from the Watsonville RWF, and eventually water from the College Lake project. Table 2 presents water consumption and account data for delivered water users.

The Agency tracks delivered water consumption on a quarterly basis for delivered water users. The past five-years of seasonal consumption patterns are presented in Figure 7 below.

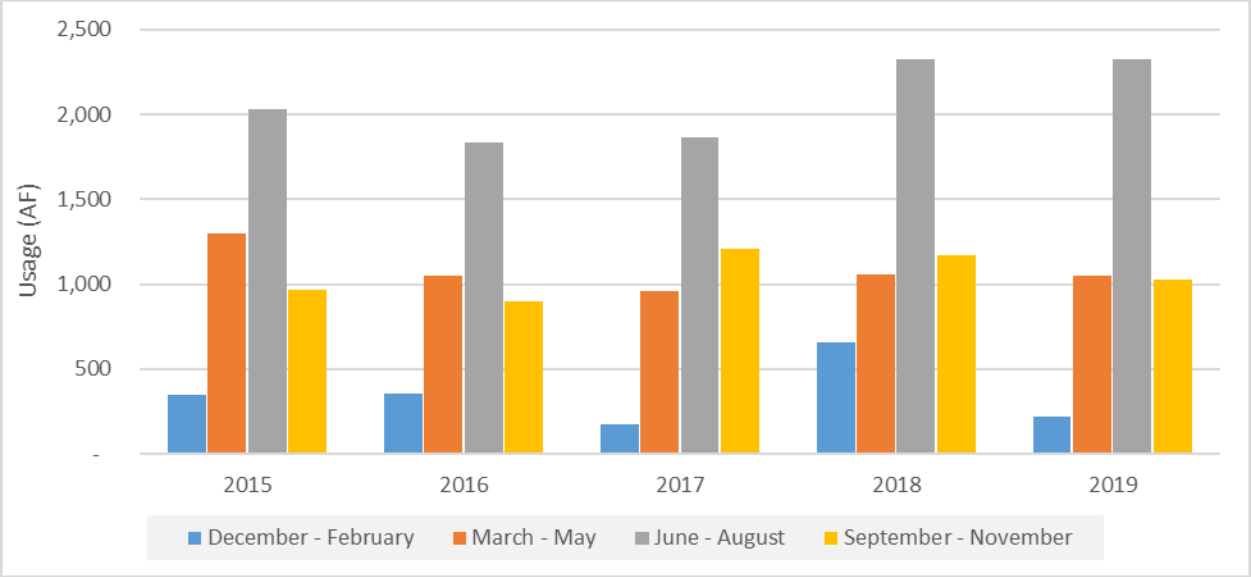

Figure 7 Delivered Water Seasonal Consumption (2015-2019)

A customer who has applied for and receives delivered water is subject to the delivered water charge. All consumption of delivered water is metered. Some properties within the DWZ use a combination of delivered water and groundwater. These properties are subject to both the delivered water charge for water delivery to the property and the augmentation charge at the higher DWZ rate for groundwater extracted by the parcel owner.

2.4 Unmetered Water Users

Unmetered water users include most rural residential users within the Agency's service area. Historically, unmetered water users have been billed for estimated annual water consumption of 0.5 AF per residence.[12] Larger residential wells producing at least 10 AF per year (or more) and wells serving 15 or more connections are metered and are charged based on their metered consumption.

[12] The rationale and basis for this calculation are set forth in the 2015 Agency Proposition 218 Service Charge Report.

Unmetered water users are billed annually for their consumption unlike metered and delivered water users who are billed quarterly. The Agency bills property owners with unmetered wells on their properties based on an estimated use of 0.5 AF per year per residence connected to the well.

2.5 Forecasted Consumption

The Agency forecasted service demands in order to develop projected rates over the next five fiscal years. Its review of historical consumption demonstrated the natural variability of water demands within the Pajaro Valley due to a combination of dry and wet years, crop rotations, and the economy. While historical demands were analyzed, they do not serve well as a basis to forecast future water demands. Additionally, as the Pajaro Basin is currently experiencing overdraft conditions which have caused seawater intrusion and other problems, existing demand cannot be sustained without continued BMP improvements to the Basin.

Given the consumption analysis and targeted demand levels within the basin, the Agency forecasted 2020 water demands based on a 2-year average of 2018 and 2019 demands (see Table 3). The Agency assumes no annual growth in groundwater pumping rates in light of the completion of the CDS F-Line and BMP projects and a shift in demands between customer classes is forecasted as summarized in Table 3.

Table 3 Forecasted Water Consumption by Water User

Water User	2020(1)	2021(2)	2022	2023	2024	2025(3)	2026
Outside DWZ							
Metered Water Usage	38,727	37,727	37,727	37,727	37,727	37,727	37,727
Unmetered Water Usage	1,240	1,240	1,240	1,240	1,240	1,240	1,240
Subtotal Outside DWZ (AF)	**39,966**	**38,966**	**38,966**	**38,966**	**38,966**	**38,966**	**38,966**
Inside DWZ							
Metered Water Usage	4,547	5,247	5,247	5,247	5,247	4,947	3,547
Delivered Water Usage	4,915	5,215	5,215	5,215	5,215	5,515	6,915
Subtotal Inside DWZ (AF)	**9,461**	**10,461**	**10,461**	**10,461**	**10,461**	**10,461**	**10,461**
Total (AF)	**49,428**	**49,428**	**49,428**	**49,428**	**49,428**	**49,428**	**49,428**

Notes:
(1) Projection is based on the 2-year average of 2018 and 2019 actual demands.
(2) Accounts for CDS F-Line project completion and additional inside DWZ supply.
(3) Accounts for additional Delivered Water supply as BMP projects become operational in FYE 2025.
(4) Totals may not tie due to rounding.

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Section 3

REVENUE REQUIREMENT ANALYSIS

The revenue requirement analysis evaluates PV Water's fiscal health, scrutinizing the adequacy of current revenues under existing rates against forecasted funding needs. This evaluation involves a series of tests as the basis for rate planning and reviews the viability of the Agency's revenues against expenses, debts, and reserve policies. Where cash flows and balances are insufficient, the revenue requirement analysis recommends additional cash flows through service charge increases to meet all funding goals.

Carollo compiled the Agency's projected FYE 2021 budget expenses as the base year for operations and maintenance (O&M) costs. Carollo collected actual and budgeted revenues and expenditures, reserve fund balances and policies, budgeted capital expenditures, current and future annual debt service, current and future grant funding, and other relevant financial data to forecast funding needs. Once this forecast is established, three tests define the annual revenues necessary.

1. The **Cash Flow Sufficiency Test** looks for a net positive cash flow at the end of each fiscal year. This test looks at whether revenues exceed expenses. When they do not, this test recommends additional revenue.
2. The **Debt Service Coverage Test** assesses the ability of the utility to cover debt service payments. Utility bond issuances regularly include a stipulation that the agency maintain enough cash flows to cover planned debt service plus an additional percent of that debt service. The Agency's legally required ratio from its bond issuances is 1.15x. If net revenues fall below this ratio, this test recommends additional revenue.
3. The **Reserves Target Test** considers PV Water's reserve balances and looks at operations and maintenance, repair and replacement, debt service, and rate stabilization funds' performance against the Agency's policy minimums. When the reserves targets are not met, this test recommends additional revenue.

Carollo looks at each test over the project time horizon to identify years where a revenue adjustment may be needed to meet forecasted Agency expenses.

3.1 Projected Revenues

This Study presents a five-year financial forecast of projected revenues from FYE 2022 through FYE 2026, using the FYE 2021 budget and current augmentation and deliver water charge rates as a baseline for projecting revenue requirements (see Table 4).

PV Water collects most of its revenues through augmentation and delivered water charges. These items made up 90 percent of revenues in FYE 2020 and are projected to produce 82 percent of revenues in FYE 2021. The Agency's other revenues include management fees, grants, State Revolving Fund (SRF) financial agreements, interest income, and other miscellaneous revenues. Each revenue item was projected based on an assumed inflationary factor as outlined in Appendix A.

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Table 4 Projected Revenues

Revenue Item	FYE 2021[1]	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Augmentation Charge	$11.50	$11.50	$11.50	$11.50	$11.50	$11.50
Delivered Water Charge	2.10	2.10	2.10	2.10	2.10	2.10
Management Fees	0.39	0.39	0.39	0.39	0.39	0.39
Grants	3.70	1.52	0.70	-	-	-
SRF Financial Agreement	1.50	0.19	1.46	-	-	-
Interest Income	0.25	0.26	0.26	0.27	0.27	0.28
Other Revenues	0.04	0.04	0.04	0.04	0.04	0.04
Total Revenues	**$19.47**	**$15.99**	**$16.44**	**$14.29**	**$14.29**	**$14.30**

Notes:
(1) Based on FYE 2021 budget.
(2) All values are in millions of dollars.
(3) Totals may not tie due to rounding.

3.2 Projected Expenditures

The Agency prepares an annual budget organized into six main expense groups:

1. *Agency Administration:* Includes expenses associated with the daily administration of the Agency including general Agency management, Board services, support services, and public outreach related expenses (as described in the BMP Update).
2. *Special Fund General Administration:* Includes expenses associated with grant administration, outreach, water conservation programs, and management of the supplemental water and delivered water services.
3. *Facility Operations:* Includes O&M of the supplemental and delivered water services, including the operation of the CDS, Harkins Slough facilities, the Watsonville RWF (including supplemental wells), and metering program.
4. *Basin Management Planning:* Includes expenses associated with groundwater modeling, water quality monitoring, water resources planning, and management of the groundwater basin. Basin management planning activities allow the Agency to determine groundwater conditions within the Pajaro Basin and to manage and identify supplemental water needs, sources, and financial resources for supplemental water.
5. *Capital Projects:* Includes expenses related to planned capital projects and the adaptive management plan. Future capital projects were identified as part of the BMP Update.
6. *Debt Service:* Includes costs associated with payment of outstanding debt on the facilities described in Chapter 1. These obligations were incurred to enable the Agency to provide the supplemental water service and delivered water service in furtherance of the objectives identified under the Agency Act.

The Agency's FYE 2021 operating budget served as the foundation for forecasting future operating expenses. Staff also reviewed the preliminary expenditure forecasts to identify costs that may need to be adjusted due to future operational changes (e.g., additional staffing). Future expenditures were projected using escalation factors that were reviewed with Agency staff. Most costs were escalated at 3 percent annually to account for general inflation. To refine this broad assumption, individual line item costs were assigned one of the escalation factors shown in Appendix A. These escalation factors were then applied to the appropriate categories of expenditures to forecast costs incurred by the Agency.

PV Water anticipates additional O&M costs associated with new capital assets from the BMP Update. These additional O&M costs are forecasted to begin as each capital project completes construction, the earliest of which is forecasted to come online in FYE 2023. In addition, the Agency has included funding for three additional staff to further support the operations of the new BMP facilities.

Table 5 shows forecasted expenses for the rate study period. These totals include additional O&M and staffing positions as previously mentioned.

Table 5 Projected O&M Expenses

Expense Item	FYE 2021[1]	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Personnel	$2.17	$2.26	$2.35	$2.45	$2.54	$2.64
New BMP Staff	-	0.20	0.44	0.70	0.72	0.75
New BMP O&M	-	-	0.23	0.83	0.85	0.87
Maintenance & Equipment	5.53	5.63	5.80	5.97	6.15	6.33
Total Expenses	**$7.71**	**$8.09**	**$8.82**	**$9.94**	**$10.26**	**$10.60**

Notes:
(1) Based on FYE 2021 budget.
(2) All values are in millions of dollars.
(3) Totals may not tie due to rounding.

3.2.1 Debt Service

The Agency currently has three outstanding debt service obligations. Existing debt service includes a California Department of Water Resources Note Payable to be retired in FYE 2028, a 2015 Water Revenue Refunding Bond to be retired in FYE 2029, and a 2016 Water Revenue Refunding Bond to be retired in FYE 2036. The Agency is projecting a RWF Disk Filter Project (Phase II) Clean Water SRF Loan to begin in FYE 2022 and an RWF UV Expansion Project (Phase III) Clean Water SRF Loan to begin in FYE 2023. Both SRF loans would be retired 30 years thereafter. Table 6 provides a summary of existing debt service through the five-year rate setting period.

Table 6 Existing Debt Service

Expense Item	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
DWR Note Payable	$0.25	$0.25	$0.25	$0.23	$0.23	$0.23
2015 Refunding Bond	2.31	2.30	2.29	1.55	1.14	1.14
2016 Refunding Bond	0.80	0.81	0.80	0.80	0.80	0.80
RWF Disk Filter SRF Loan	-	0.07	0.07	0.07	0.07	0.07
RWF UV Expansion SRF Loan	-	-	0.06	0.06	0.06	0.06
Total:	**$3.36**	**$3.42**	**$3.47**	**$2.70**	**$2.29**	**$2.29**

Notes:
(1) All values are in millions of dollars.
(2) Totals may not tie due to rounding.

3.2.2 Debt Coverage Requirements

The Agency is currently required to legally maintain an annual debt service coverage ratio (DSCR) of at least 1.10x, however the Agency targets at least 1.15x coverage. This coverage is calculated as the ratio of net revenues available to total annual debt service requirements. The actual DSCR is expected to be 1.96x for FYE 2021.

While no additional revenue must be collected to meet existing debt coverage requirements in FYE 2021, as the Agency plans to issue new debt, increases are necessary to meet future coverage requirements.

3.2.3 Forecasted Capital Funding

The BMP Update is envisioned as a 30-year plan to be implemented in three phases. Phase 1 projects are scheduled to be completed and operational by FYE 2024. Phase 2 is scheduled to begin in FYE 2025 and continue through FYE 2034. If required, Phase 3will begin in FYE 2035 and go through FYE 2044. The service charge calculations in this report include capital funding for Phase 1 and Phase 2 projects.

PV Water and Carollo continue to work together to estimate costs for the capital improvement plan for the study period, which includes all capital project expenditures related to the BMP Update, Conservation, and the Adaptive Management Plan, and other miscellaneous activities. Table 7 provides the most up to date capital project cost estimates.

Table 7 Projected Capital Expenditures

Capital Project	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Total Harkins Slough Recharge Facilities Upgrades	$-	$1.53	$1.85	$1.93	$4.10	$-
Total Struve Slough with Recharge Basins	0.22	1.08	-	11.80	-	-
Total College Lake	3.67	13.13	33.56	13.99	-	-
Basin Monitoring Improvements	-	-	1.50	-	-	-
RW Facility Disk Filter Upgrade - Phase II	0.10	-	-	-	-	-
0.5MG Storage Tank/UV Expansion - Phase III	0.25	2.00	-	-	-	-
CDS F-Line Expansion	1.50	-	-	-	-	-
BMP Update	0.25	0.15	-	-	-	-
Conservation	0.40	0.40	0.40	0.40	0.40	0.40
Adaptive Management Plan (AMP)	0.10	0.10	0.10	0.10	0.10	0.10
Total Capital Needs	**$6.49**	**$18.39**	**$37.41**	**$28.22**	**$4.60**	**$0.50**

Notes:
(1) All values are in millions of dollars.
(2) Totals may not tie due to rounding.

Capital projects can be funded through various sources, including grants, bonds, capital reserves, cash on hand, and rate funded pay-as-you-go (PAYGO) capital. Table 8 below summarizes the currently available and anticipated capital funding that is used to offset the remaining capital funding need.

The Agency is actively working to secure grant funding to support capital project implementation. In July 2020, staff submitted a proposal to the State Water Resources Control Board (SWRCB) for a "Proposition 1 Storm Water Grant Program Round 2" in the amount of $10 million to fund a portion of the College Lake capital project. This report will examine the financial and subsequent rate impacts with and without a $10 million grant award.

Table 8 Projected Capital Funds Available

Capital Funding Source	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
CDS F-Line Grant (Prop 84)	$ 2.08	$ 0.91	$ -	$ -	$ -	$ -
RWF Disk Filter (Phase II) - Grant (Prop 1)	1.43	0.21	-	-	-	-
Groundwater Sustainability Grant (Prop 68)	0.18	0.32	-	-	-	-
RWF UV Expansion (Phase III) – Grant	-	0.09	0.70	-	-	-
College Lake – Potential Grant(1)	-	6.00	4.00			
Cash on Hand(2)	9.34	-	-	-	-	-
Total Capital Funding	**$13.04**	**$7.52**	**$4.70**	**$-**	**$-**	**$-**

Notes:
(1) PV Water is working to secure a $10 million grant for College Lake, the proceeds of which would be split between FYE 2022 and FYE 2023.
(2) Excludes restricted reserves. Cash on hand can be used in a fiscal year as needed.
(3) All values are in millions of dollars.
(4) Totals may not tie due to rounding.

3.2.4 Reserve Policy

The Agency's reserves are a combination of restricted and unrestricted funds. Currently, the Agency has an operating reserve, a capital fund, a debt service fund, and a rate stabilization fund. As of the beginning of FYE 2021, the Agency's total of these funds was an estimated $5.5 million[13]. The reserves have been funded in large part through a combination of cost savings and increased pumping (demand) throughout the basin. The Agency targets a minimum of 180 days of operating expenses for its operating reserve. Excess operating reserves above this target are available to fund engineering, legal, and acquisition (ELA) costs, additional capital and repair and replacement (R&R) activities, and act as a rate stabilization fund to mitigate the need for larger rate increases in the short term.

3.3 Baseline Revenue Requirements

The cash flow sufficiency test evaluates revenues received by the Agency and ensures they meet both operating and non-operating expenses. Over the next five years, without additional grant revenue, additional bonds, or revenue increases, the Agency will not meet its cash flow requirements beginning in FYE 2022 though FYE 2025, as shown in Table 9 below.

[13] This excludes the $7.45 million in cash on hand as shown in Table 8.

Table 9 Cash Flow Sufficiency Test – Baseline Scenario, Revenue

Revenue Item	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Augmentation Charge	$11.50	$11.50	$11.50	$11.50	$11.50	$11.50
Delivered Water Charge	2.10	2.10	2.10	2.10	2.10	2.10
Management Fees	0.39	0.39	0.39	0.39	0.39	0.39
Total Operating Revenues	**$13.99**	**$13.99**	**$13.99**	**$13.99**	**$13.99**	**$13.99**
Interest Income	0.25	0.26	0.26	0.27	0.27	0.28
Other Revenues	0.04	0.04	0.04	0.04	0.04	0.04
Total Non-Operating Revenues(1)	**$0.29**	**$0.29**	**$0.30**	**$0.30**	**$0.31**	**$0.31**
Total Revenues	**$14.27**	**$14.28**	**$14.28**	**$14.29**	**$14.29**	**$14.30**

Table 10 Cash Flow Sufficiency Test – Baseline Scenario Expenditures

Expenditure Item	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Total Operating Expenditures	$7.71	$8.09	$8.59	$9.94	$10.26	$10.60
Debt Service	3.36	3.42	3.47	2.70	2.29	2.29
Rate Funded Capital (PAYGO)	-	5.51	35.25	28.22	4.60	0.50
Use of Funds / (Transfer) to Meet Min. Fund Balance	-	(1.81)	1.04	34.39	61.20	-
Total Non-Operating Expenditures	**$3.36**	**$7.12**	**$39.76**	**$65.31**	**$68.09**	**$2.79**
Total Expenditures	**$11.07**	**$15.21**	**$48.35**	**$75.25**	**$78.35**	**$13.39**
Cash Flow Surplus/(Deficit)	**$3.20**	**$(0.94)**	**$(34.07)**	**$(60.96)**	**$(64.06)**	**$0.91**

Notes:
(1) Grant and SRF financial agreement revenues are not included in the revenue requirement as they are accounted for in the capital funding plan and reserves.
(2) All values are in millions of dollars.
(3) Totals may not tie due to rounding.

Under the baseline scenario, the Agency's DSCR remains above the 1.15x coverage requirement due to no additional debt issuances and the retirement of debt service as shown in Table 11.

Table 11 Debt Coverage Test – Baseline Scenario

Revenue Item	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Operating Revenues	$13.99	$13.99	$13.99	$13.99	$13.99	$13.99
Non-Operating Revenues(1)	$0.29	$0.29	$0.30	$0.30	$0.31	$0.31
Total Revenues for Debt Service	**$14.27**	**$14.28**	**$14.28**	**$14.29**	**$14.29**	**$14.30**
Expenditure Item	**FYE 2021**	**FYE 2022**	**FYE 2023**	**FYE 2024**	**FYE 2025**	**FYE 2026**
Operating Expenditures	$7.71	$8.09	$8.59	$9.94	$10.26	$10.60
Debt Service	3.36	3.42	3.47	2.70	2.29	2.29
Coverage Requirement	0.50	0.51	0.52	0.41	0.34	0.34
Total Expenditures	$11.57	$12.03	$12.58	$13.04	$12.90	$13.23
Debt Coverage Surplus/(Deficit)	**$2.70**	**$2.25**	**$1.70**	**$1.25**	**$1.40**	**$1.07**
DSCR	**1.96 x**	**1.81 x**	**1.65 x**	**1.62 x**	**1.76 x**	**1.62 x**

Notes:
(1) Excludes all grant revenue.
(2) All values are in millions of dollars.
(3) Totals may not tie due to rounding.

The Agency maintains four reserve funds. Each fund was created with its own unique set of funding and expense criteria and as such each fund has varying target fund balances based on that defined criteria.

For example, the O&M reserve fund target is 180 days of O&M expenses while the minimum repair and replacement reserves fund target is set at 25 percent of fixed assets annual depreciation. Similarly, the debt service reserve fund target is based on existing debt covenants and the rate stabilization fund target is $500,000 as directed by Agency management.

Under the baseline scenario, the Agency's total reserve fund balance drops below the total target fund balance beginning in FYE 2022.

Table 12 Reserve Target Test – Baseline Scenario

Reserves Target/Balance	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Total Reserve Funds Target (All Funds)	$5.60	$5.81	$6.08	$6.78	$6.96	$7.16
Total Reserve Funds Balance at Year End	8.73	2.90	(30.11)	(56.83)	(59.97)	(59.36)
Reserve Funds Surplus/(Deficit)	**$3.13**	**($2.91)**	**($36.20)**	**($63.60)**	**($66.94)**	**($66.52)**
Days of O&M in Operations and Maintenance Reserve	**180 days**	**49 days**	**-1,358 days**	**-2,155 days**	**-2,199 days**	**-2,109 days**

Notes:
(1) All values are in millions of dollars.
(2) Totals may not tie due to rounding.

As noted above, the Agency has applied to the SWRCB for a $10 million grant in support of the College Lake Project. These potential grant proceeds would be reimbursed over two fiscal years. Because there is no certainty to receiving these highly competitive grant funds, we modeled two scenarios for revenue projections over the next five years.

- **Scenario 1** – funding of BMP implementation projects without receipt of the grant funding (conservative approach).
- **Scenario 2** – funding of BMP implementation projects with receipt of the grant funding.

3.4 Scenario 1 Revenue Requirements

In the first scenario, Carollo analyzed funding of BMP Update implementation projects without securing a $10 million grant for College Lake. Under this scenario, as summarized in Table 13, Carollo recommends a 5.2 percent revenue increase in FYE 2022 followed by annual 6.8 percent revenue increase in FYE 2023 through FYE 2026. In addition, Carollo recommends that the Agency issue bonds in FYE 2022 and FYE 2024.

Such revenue increases are projected to keep PV Water's revenues in line with cost inflation while additionally supporting healthy minimum reserve balances and meeting required debt service coverage ratios.

Table 13 Scenario 1 Recommended Revenue Increases & Resulting Cash Flows

Revenue Item	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Total Revenues	$14.28	$14.99	$15.97	$17.01	$18.13
Total Expenditures	12.32	13.67	14.74	15.15	15.48
Cash Flow Surplus/(Deficit)	**$1.96**	**$1.32**	**$1.23**	**$1.86**	**$2.65**
Recommended Revenue Bond Issuance	**$46.50**	**$-**	**$25.50**	**$-**	**$-**
Recommended Rate Revenue Increase	**5.2%**	**6.8%**	**6.8%**	**6.8%**	**6.8%**
Revenues from Increase	$0.71	$0.97	$1.04	$1.11	$1.19
Resulting Cash Flows	**$2.67**	**$2.29**	**$2.27**	**$2.97**	**$3.83**
Resulting DSCR	**1.64 x**	**1.46 x**	**1.48 x**	**1.61 x**	**1.79 x**
Resulting days of O&M in Operations & Maintenance Reserve	**180 days**	**180 days**	**180 days**	**180 days**	**180 days**

Notes:
(1) All values are in millions of dollars.
(2) Totals may not tie due to rounding.

3.5 Scenario 2 Revenue Requirements

The second scenario that Carollo analyzed assumes that PV Water is successful in receiving the $10 million grant for College Lake. Under this scenario, as summarized in Table 14, Carollo recommends a 4.7 percent revenue increase in FYE 2022 followed by annual 6.1 percent revenue increase in FYE 2023 through FYE 2026. In addition, Carollo recommends that the Agency issue bonds in FYE 2022 and FYE 2024.

Such revenue increases are projected to keep PV Water's revenues in line with cost inflation while additionally supporting healthy minimum reserve balances and meeting required debt service coverage covenants.

Table 14 Scenario 2 Recommended Revenue Increases & Resulting Cash Flows

Revenue Item	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Total Revenues	$14.28	$14.92	$15.80	$16.72	$17.71
Total Expenditures	12.13	13.29	14.33	14.71	15.04
Cash Flow Surplus/(Deficit)	**$2.15**	**$1.63**	**$1.46**	**$2.01**	**$2.66**
Recommended Revenue Bond Issuance	**$35.50**	**$-**	**$24.00**	**$-**	**$-**
Recommended Rate Revenue Increase	**4.7%**	**6.1%**	**6.1%**	**6.1%**	**6.1%**
Revenues from Increase	$0.64	$0.87	$0.92	$0.98	$1.04
Resulting Cash Flows	**$2.79**	**$2.50**	**$2.39**	**$2.99**	**$3.70**
Resulting DSCR	**1.70 x**	**1.54 x**	**1.55 x**	**1.68 x**	**1.84 x**
Resulting days of O&M in Operations & Maintenance Reserve	**180 days**	**180 days**	**180 days**	**180 days**	**180 days**

Notes:
(1) All values are in millions of dollars.
(2) Totals may not tie due to rounding.

Because the cost allocation approach does not differ between Scenario 1 and Scenario 2, this Report will use Scenario 1 revenue requirements to demonstrate the cost of service methodology and analysis. However, proposed rates are presented for both scenarios.

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Section 4

COST OF SERVICE ANALYSIS

The principal purpose of a cost-of-service analysis is to fairly allocate the full costs of the Agency's services to each customer class in proportion to the water users' benefits received from and burdens or demands they place on the system. Carollo developed a detailed cost allocation that serves as the basis for the proposed rate adjustments. This analysis yields an appropriate method for allocating costs, which could be sustained unless substantial changes in cost drivers or customer consumption patterns occur.

To conduct the cost of service analysis presented in this report, Carollo relies on the unique service functions provided by the Agency to its water users as was previously developed and adopted by the Agency's Ad Hoc Funding Committee during the preparation of the 2015 Service Charge Report. PV Water's budget was analyzed line-item by line-item, and expenditures were allocated between functional categories to reflect the different service levels attributable to the water user groups (i.e., metered water users, unmetered water users, within or outside DWZ, and delivered water users). Five functional categories were identified as shown in Table 15 along with a description of the water users receiving those services.

Table 15 Functional Categories

FUNCTIONAL CATEGORY	WATER USERS RECEIVING SERVICE
Billing	Metered Water Users on a Quarterly Cycle and Unmetered Users on an Annual Cycle
Metering	All Water Users Except for Property Owners with Unmetered Wells
Groundwater	Property Owners with Metered and Unmetered Wells
Delivered Water	Delivered Water Users
Additional Service for Users within DWZ	Property Owners within the DWZ and Served by or with Ability to Immediately Connect to the CDS

Notes:
(1) Functional categories are the services provided by the Agency to its user classes.
(2) Cost associated with the higher level of service for metered water users in the DWZ apply to metered Augmentation Charges for water users in the DWZ.

While the Agency provides two distinct services—supplemental and delivered water service - there is only one set of common project facilities that are and will be utilized to provide those services. As in the 2015 Service Charge Report, the costs associated with the Agency's existing and planned water services are attributable to both groundwater users and delivered water service users.

In allocating shared costs between the two services and the delivered water charge and augmentation charge, the Agency has balanced several regulatory objectives.

1. The property owners outside the DWZ receive an important service from the supplemental water projects. By installing, operating, and maintaining the supplemental water project facilities, the Agency protects the entire groundwater basin supply, replaces some of the groundwater pumped by extractors, retards seawater intrusion, reduces overdraft, and avoids more strict groundwater regulation by pumping limits – all of which serve the long-term water supply needs of the well owners throughout the basin, including those inside and outside the DWZ. As such, it is appropriate that the well owners throughout the basin pay for their equitable share of the cost of the Agency's supplemental water service for groundwater users.

2. Payment of an augmentation charge on a per acre-foot basis provides an incentive, relative to the consumption of groundwater, for well users to carefully and efficiently manage their use of groundwater. This also furthers the Agency's water conservation efforts, which is the Agency's most economical program of stretching the limited water supply.
3. Water users in the DWZ who have access to and use delivered water should pay an equitable proportionate share of the costs of this service.
4. There is a strong basin-wide interest in maximizing delivered water use (in the DWZ) because greater delivered water use minimizes pumping in that area, enhances groundwater recharge, and retards seawater intrusion, which helps to protect groundwater resource further inland and maintain local management and control of groundwater resources in general.
5. Groundwater pumpers within the DWZ also have improved water reliability. As pumpers within the DWZ have access to delivered water service, there is a distinct service that is immediately available to those users when compared to groundwater users outside the DWZ. As such, and to encourage full use of delivered water, the rate differential between the augmentation rate inside the DWZ and delivered water charge should encourage delivered water usage and not provide a fiscal incentive to pump groundwater instead of using the available delivered water.

Throughout the cost of service analysis, the Agency equitably balanced the allocation of costs in consideration of these factors - recognizing that maximizing the purchase and use of delivered water protects the overall groundwater basin in furtherance of the Agency's supplemental water objectives, and serves all groundwater users in the basin.

4.1 Allocation of Costs to Functional Components

The Agency's water system comprises both supplemental and delivered water facilities, which are both necessary to sustain the basin. A detailed functional allocation analysis was prepared by separately identifying the Agency's budget categories (Agency Administration, Special Fund General Administration, Facility Operations, Basin Management Planning, Capital Projects, and Debt Service) and allocating each item to the appropriate functional components based on the specific function provided. This allocation is derived from the Agency's existing factors that were the foundation of the 2015 Service Charge Report.

4.1.1 General and Special Fund Administration

Administration expenditures are largely comprised of salaries, wages, and benefits which were allocated directly to the functional categories based upon estimated percent of time the position spent on that function. For example, billing received a percent allocation from the following positions: Finance & Administrative Services Manager, Financial Analyst, Administrative Analyst, Customer Services Representative, and Accounting Clerk. Metering received a percent allocation from some of the same positions, but also from the Water Meter Program Coordinator and Water Systems Operator positions.

4.1.2 Facility Operations

Well owners throughout the basin, including those outside the DWZ, receive an important service from the supplemental water projects. By constructing, operating, and maintaining the supplemental water project facilities, the Agency protects the groundwater basin water supply, replaces some of the groundwater pumped by extractors, retards seawater intrusion, reduces overdraft, and avoids more strict groundwater regulation by pumping limits – all of which serve the long-term water supply needs of the basin.

In order to allocate Facility Operations costs to groundwater and delivered water users, the Agency analyzed Facility Operations services in terms of providing supplemental supply, reducing groundwater overdraft, and providing delivered water at pressure for irrigation in the DWZ. Facilities Operations costs associated with the delivery of higher pressure water appropriate for irrigation are allocated directly to the delivered water users as the sole recipients of this service. The remaining costs of operating these facilities are allocated on the ratio of the groundwater and delivered water consumption to total consumption in the Pajaro Basin. Groundwater consumption accounts for 89 percent of the total consumption in the Basin and delivered water accounts for 11 percent of Basin consumption. While the same methodology from the 2015 study was utilized, changes to the Agency's budget and water demands caused minor and expected shifts in the overall cost allocation.

Facility Operations also includes expenses to operate the Metering Program. These expenses are allocated directly to Metering and, along with allocations for Salaries and Wages and Administration, are recovered from the metered water customers and delivered water customers.

4.1.3 Basin Management Planning

Expenses associated with Basin Management Planning—modeling and monitoring, basin management, and funding—are allocated to supplemental and delivered water service based on the ratio of supplemental and delivered water consumption to total consumption in the Pajaro Basin.

4.1.4 Capital Projects

The Agency has identified nearly $96 million in projects to be constructed over the next 6 years. As these projects are all designed to address the Agency's groundwater management concerns, these projects are allocated based on the same methodology of existing capital projects (See Debt Service).

4.1.5 Debt Service

Debt service payments for existing facilities are allocated to supplemental water and delivered water service based on the ratio of groundwater, delivered water, and available capacity inside the DWZ. The addition of available capacity inside the DWZ reflects costs associated with providing excess (available) capacity to groundwater pumpers inside the DWZ. Well owners in the DWZ have immediate access to an alternate delivered water supply. As a result, DWZ well owners receive a higher level of service and therefore are allocated an additional equitable share of the costs of the service, as well as their proportionate share of existing debt service related to remaining capacity in the Delivered Water system. Debt service is allocated 79 percent to groundwater, 14 percent to delivered water service, and 7 percent to groundwater pumpers within the DWZ.

Table 16 details the resulting cost of service allocation percentages for each functional category by each budget item. These functional allocations are described in more detail in Appendix B.

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Table 16 Allocation to Functional Categories

BUDGET ITEM	Billing	Metering	Groundwater	Delivered Water	Additional DWZ Services
Agency Administration	15%	18%	28%	38%	2%
General Administration	15%	18%	28%	38%	2%
Facility Operations					
Harkins Slough	0%	0%	60%	40%	0%
Coastal Distribution	0%	0%	86%	14%	0%
Supplemental Water (In-Basin)	0%	0%	56%	44%	0%
Recycled Water	0%	0%	86%	14%	0%
Metering Program	0%	100%	0%	0%	0%
Basin Management Planning					
Basin Modeling	0%	0%	86%	14%	0%
Basin Monitoring	0%	0%	86%	14%	0%
In-Basin Management	0%	0%	86%	14%	0%
Regional Water Management	0%	0%	86%	14%	0%
Out-of-Basin Funding	0%	0%	86%	14%	0%
In-Basin Funding	0%	0%	86%	14%	0%
Capital Projects					
Basin Monitoring Improvements	0%	0%	79%	14%	7%
Harkins Slough Facility Upgrades	0%	0%	79%	14%	7%
College Lake IRWP	0%	0%	79%	14%	7%
Watsonville Slough Diversion	0%	0%	79%	14%	7%
RW Facility Disk Filter Upgrade	0%	0%	79%	14%	7%
RW Storage Project	0%	0%	79%	14%	7%
CDS F-Line Expansion	0%	0%	79%	14%	7%
BMP Update	0%	0%	79%	14%	7%
Debt Service					
DWR Note Payable	0%	0%	79%	14%	7%
2015 Revenue Refunding Bonds	0%	0%	79%	14%	7%
2016 Revenue Refunding Bonds	0%	0%	79%	14%	7%
Future Debt Service	0%	0%	79%	14%	7%
Resulting Allocation	2.4%	6.6%	68.9%	19.0%	3.1%

Notes:
(1) Additional details provided in Appendix B.

As the resulting allocation between each functional category differs from the 2015 Cost of Service results, a phase-in of the new allocation was implemented over the five-year study period.

Table 17 summarizes the allocation of net revenue requirements to each functional category for FYE 2022 through FYE 2026.

Table 17 Net Revenue Requirements Allocated to Functional Categories

Functional Category	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Billing	$0.17	$0.23	$0.29	$0.37	$0.39
Metering	0.54	0.68	0.84	1.02	1.09
Groundwater	10.89	11.35	11.83	12.32	13.16
Delivered Water	2.39	2.64	2.91	3.21	3.43
Additional DWZ Services	0.32	0.38	0.44	0.51	0.54
Total Revenue Requirement	**$14.31**	**$15.28**	**$16.32**	**$17.43**	**$18.61**

Notes:
(1) All values in millions of dollars.
(2) Totals may not tie due to rounding.

4.1.6 Calculation of Units and Unit Costs

The water users from whom these net revenue requirements are recovered include the metered, unmetered, and delivered water users. Table 18 presents a projected FYE 2026 number of service units (acre-feet of water service) associated with the following functional categories:

- **Supplemental Water Service to Groundwater Users** – Metered and unmetered use excluding delivered water use.
- **Delivered Water Service** – Total delivered water use.
- **Billing** – Total water consumption in the basin (groundwater and delivered water use).
- **Metering** – Total number of equivalent meters.
- **Additional Service to Metered Users in DWZ** – Metered water use in DWZ.

Table 18 Units Associated with Each Functional Category

WATER USER	Billing (AF/year)	Metering (MEUs)(4)	Groundwater (AF/year)	Delivered Water (AF/year)	Additional DWZ Services (AF/year)
Metered(1)	41,274	12,300	41,274	-	3,547
Unmetered(1,2)	1,240	-	1,240	-	-
Delivered Water(1,3)	6,915	1,500	-	6,915	-
Total	**49,428**	**13,800**	**42,513**	**6,915**	**3,547**

Notes:
(1) Excludes users east of the San Andreas Fault that are not hydrologically connected to the Pajaro Basin.
(2) The number of accounts billed equals the number of rural residential well owners within the Agency.
(3) The delivered water consumption is based on Agency projections.
(4) Metering units are the number of equivalent meters based on the cost of a 1-inch meter as shown Appendix C.

Billing costs are typically allocated to user classes by number of bills. Following the methodology of the 2015 Service Charge Report, the Agency determined that an allocation based on total annual water consumption in the basin was more fair and accurate. Unmetered water users represent approximately 2 percent of the water consumption in the basin and are only billed once per year based on estimated consumption. A greater level of billing service is provided to metered and delivered water customers whose bills are prepared using actual consumption data and who are billed quarterly. The larger monetary value of the metered and delivered water user bills also results in increased customer service needs. Therefore, total water consumption was used as the unit of measure for allocating billing costs.

The number of units of consumption shown in Table 19 for the DWZ reflects consumption by metered water users within the DWZ with the ability to immediately connect to the delivered water system as identified through the Agency's Geographic Information System (GIS) database.

Unit costs for each of these functional categories were developed by dividing the total cost allocated to functional category by the total number of units for that category, including those for metered, unmetered, and delivered water users. The unit costs for each functional category and water user category are presented in Table 19.

Table 19 Unit Cost of Service, FYE 2026

	FYE 2026 Revenue Requirement	Billing (AF/year)	Metering (MEUs)	Groundwater (AF/year)	Delivered Water (AF/year)	Additional DWZ Services (AF/year)
Total Allocated Costs	**$18.61**	**$0.39**	**$1.09**	**$13.16**	**$3.43**	**$0.54**
Units of Service		**49,428**	**13,800**	**42,513**	**6,915**	**3,547**
Metered						
Units of Service		41,274	12,300	41,274	-	-
Allocated Cost	**$14.08**	$0.33	$0.98	$12.77	$-	$-
Additional Services in DWZ						
Units of Service		-	-	-	-	3,547
Allocated Cost	**$0.54**	$-	$-	$-	$-	$0.54
Unmetered						
Units of Service[(1)]		1,240	-	1,240	-	-
Allocated Cost	**$0.39**	$0.01	$-	$0.38	$-	$-
Delivered Water						
Units of Service[(2)]		6,915	1,500	-	6,915	-
Allocated Cost	**$3.60**	$0.06	$0.12	$-	$3.43	$-

Notes:
(1) The number of accounts billed equals the number of rural residential well owners within the Agency boundary.
(2) The delivered water consumption and number of accounts based on projected FYE 2026 figures.
(3) All values in millions of dollars.

Section 5

PROPOSED RATES AND CHARGES

5.1 Rate Design

The water rate design analysis determined how the costs are recovered from each customer class through specified water rates. The focus of this process was to achieve full cost recovery and substantiate that water users are paying their fair and proportionate share of system costs. The Agency's existing rate structure, as developed in the 2015 Cost of Service Study, was unaltered in this Study as directed by the PV Water Board of Directors.

Carollo calculated the cost-based rates for FYE 2026, the last year of the study period. To avoid significant rate adjustments year-over-year, the rates for FYE 2022 through FYE 2025 are recommended to create a smooth transition from current rates to the calculated FYE 2026 rates. This rate smoothing is in line with Proposition 218 and Proposition 26 legal requirements.

5.1.1 Augmentation Charges

The Agency developed rate revenue estimates based on the proposed rates for metered and unmetered groundwater users, and total consumption by each water user group.

The augmentation charge for the metered water users outside the DWZ was calculated by dividing the cost of service by the estimated consumption for metered water users. Appendix D presents detailed calculations.

The augmentation charge for the metered water users inside the DWZ was calculated by adding the charge associated with additional service to metered groundwater users in the DWZ. The metered groundwater users within the DWZ will be levied an additional charge for the availability of the alternate delivered water supply and the increased availability of groundwater resulting from groundwater offsets in the zone that result from the use of delivered water. The cost for the availability of an alternate water supply was developed by dividing the cost of service for the DWZ by the consumption of metered groundwater in the DWZ.

The augmentation charge for the unmetered groundwater extractors (rural residential users) was calculated by dividing the cost of service by the estimated consumption for unmetered water users for the test year. Rural residential users are billed at 0.5 AF per year, per residence.[14]

Table 20 summarizes the proposed augmentation charges for the rate study period.

[14] The Rural Residential consumption estimate analysis was developed in the 2015 Cost of Service Report, which is available from the Agency office and at https://www.pvwater.org/ad-hoc-funding-committee

Table 20 Proposed Augmentation Charges

Augmentation Charge	Existing Rate FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Augmentation Charge – Outsize DWZ	$246 /AF	$263 /AF	$282 /AF	$302 /AF	$323 /AF	$346 /AF
Augmentation Charge – Inside DWZ	$338	$363	$391	$420	$452	$486
Augmentation Charge – Rural Residential(3)	$230	$246	$264	$283	$303	$325

Notes:
(1) All charges are on a per acre-foot basis.
(2) These proposed charges do not assume the receipt of the potential $10 million grant.
(3) Rural Residential customers are billed at 0.5 AF per year, per residence.

5.1.2 Delivered Water Charges

Using the cost of service for delivered water users and the total forecast consumption by this water user group, the cost of service per acre-foot was developed. Appendix D presents detailed calculations.

Table 21 summarizes the proposed delivered water charges for the rate study period.

Table 21 Proposed Delivered Water Charges

Delivered Water Charge	Existing Rate FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Delivered Water Charge	$392 /AF	$412 /AF	$432 /AF	$454 /AF	$477 /AF	$501 /AF

Notes:
(1) All charges are on a per acre-foot basis.
(2) These proposed charges do not assume the receipt of the potential $10 million grant.

5.1.3 Rate Summary

The Agency revenues and expenses were evaluated to determine the net revenue requirements to be recovered from rates. A cost of service analysis was conducted to allocate revenue requirements to the Agency's functional cost categories to reflect the different service levels received by the water user groups (i.e., metered, unmetered, and delivered water). Finally, the functional unit costs developed within the analysis were used to calculate updated augmentation and delivered water charges.

Table 22 and Table 23 summarize the existing and calculated cost of service rates (with rate smoothing) under each scenario, the average annual percent increase, and the total six-year rate increase. While a rate per acre-foot is calculated, note that unmetered water users (rural residential) are charged for an estimated annual consumption of 0.5 AF for each parcel connected to an unmetered well.

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Table 22 Proposed Rates – Scenario 1 (without $10 million grant)

Charge	Existing Rate FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	6-Year Total	6-Year Avg.
Augmentation Charge – Outsize DWZ	$246 /AF	$263 /AF	$282 /AF	$302 /AF	$323 /AF	$346 /AF	35.3%	5.9%
Augmentation Charge – Inside DWZ	$338	$363	$391	$420	$452	$486	37.7%	6.3%
Augmentation Charge – Rural Residential(3)	$230	$246	$264	$283	$303	$325	35.8%	6.0%
Delivered Water Charge	$392	$412	$432	$454	$477	$501	25.1%	4.2%

Notes:
(1) All charges are on a per acre-foot basis.
(2) These proposed charges do not assume the receipt of the potential $10 million grant.
(3) Rural Residential customers are billed at 0.5 AF per year, per residence.

Table 23 Proposed Rates – Scenario 2 (with $10 million grant)

Charge	Existing Rate FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	6-Year Total	6-Year Avg.
Augmentation Charge – Outsize DWZ	$246 /AF	$262 /AF	$278 /AF	$296 /AF	$315 /AF	$335 /AF	31.9%	5.3%
Augmentation Charge – Inside DWZ	$338	$361	$386	$412	$440	$470	34.1%	5.7%
Augmentation Charge – Rural Residential(3)	$230	$245	$261	$278	$296	$315	32.5%	5.4%
Delivered Water Charge	$392	$409	$428	$447	$466	$487	22.2%	3.7%

Notes:
(1) All charges are on a per acre-foot basis.
(2) These proposed charges assume the receipt of the potential $10 million grant.
(3) Rural Residential customers are billed at 0.5 AF per year, per residence.

The calculated rates reflect the revenue requirements (with rate smoothing), cost of service analysis, and assumptions detailed throughout this report. The proposed rates will recover the forecasted revenue requirements associated with providing supplemental water to help reduce and prevent long-term over-draft and water quality degradation.

Appendix A

O&M ESCALATORS

Table A.1 O&M Cost Escalators

Cost Escalator	Annual Increase
General Inflation	3.0%
Labor Inflation	4.0%
Utilities Inflation	5.0%
Construction Inflation	3.0%
Interest Income	0.5%
Customer Growth	0.0%
Metered Water Demand	0.0%
Delivered Water Demand	0.0%

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Appendix B

FUNCTIONAL ALLOCATION

Pajaro Valley Water Management Agency

Cost of Service Study

Functional Allocation

Cost Allocation Basis 5-Year Average

Allocation Index	Notes	"Customer" Billing	"Capacity" Metering	Groundwater	Delivered Water	Additional DWZ Services	As All Others
Billing Only	*Costs allocated to customer (or billing) purpuses only.*	100%	0%	0%	0%	0%	0%
Metering Only	*Costs allocated to capacity (or metering) purposes only.*	0%	100%	0%	0%	0%	0%
Groundwater Only	*Costs allocated to groundwater users only.*	0%	0%	100%	0%	0%	0%
Delivered Water Only	*Costs allocated to Delivered Water Users only.*	0%	0%	0%	100%	0%	0%
Additional DWZ Services Only	*Costs allocated to additional DWZ only.*	0%	0%	0%	0%	100%	0%
Salaries & Wages	*Based on average salary and benefits allocation. See "Salaries & Benefits Allocation" tab.*	15%	18%	28%	38%	2%	0%
Basin Consumption	*Based on the ratio of consumption within the basin.*	0%	0%	86%	14%	0%	0%
Harkins Slough	*Based on the cost to pump pressured water to Delivered Water users.*	0%	0%	60%	40%	0%	0%
Coastal Distribution	*Costs associated with the CDS.*	0%	0%	86%	14%	0%	0%
Supplemental Wells	*Costs associated with supplemental wells.*	0%	0%	56%	44%	0%	0%
Recycled Water Facility	*Cost to pump water at pressure is 100% allocated to Delivered Water Users.*	0%	0%	86%	14%	0%	0%
Facility Operations	*Weighted average of facility operations.*	0%	0%	81%	19%	0%	0%
Existing Debt	*Weighted average of existing debt.*	0%	0%	79%	14%	7%	0%
Prop 13 Debt	*Costs allocated based on ratio of delivered & metered water user consumption in DWZ.*	0%	0%	0%	66%	34%	0%
Capital & Capacity	*Based on the share of capital between groundwater, deliveredwater, and within DWZ.*	0%	0%	79%	14%	7%	0%
As All Others	*Weighted average of all other allocated expenditures.*	0%	0%	0%	0%	0%	100%
AS O&M	*Weighted average of all O&M expenditures.*	4%	11%	62%	22%	1%	0%
Resulting Allocation		**2.4%**	**6.6%**	**68.8%**	**19.0%**	**3.1%**	

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Operating Expenditures	5-Year Average	Allocation Basis	Billing	Metering	Groundwater	Delivered Water	Additional DWZ Services	As All Others
Agency Administration	*2022-2026*							
Office Administration	$ 251,248	Salaries & Wages	$ 36,655	$ 45,206	$ 69,670	$ 94,998	$ 4,718	$ -
Board Support	116,294	Salaries & Wages	16,967	20,924	32,248	43,971	2,184	-
Public Education & Outreach	34,777	Salaries & Wages	5,074	6,257	9,644	13,150	653	-
Total Agency Administration	**$ 402,319**		**$ 58,696**	**$ 72,387**	**$ 111,562**	**$ 152,119**	**$ 7,554**	**$ -**
General Administration								
Special Fund General Admin	$ 1,166,039	Salaries & Wages	$ 170,118	$ 209,800	$ 323,339	$ 440,887	$ 21,895	$ -
Grant Admin	152,506	Salaries & Wages	22,250	27,440	42,289	57,664	2,864	-
Conservation	411,156	Salaries & Wages	59,985	73,977	114,012	155,461	7,720	-
Public Ed & Outreach	195,092	Salaries & Wages	28,463	35,102	54,099	73,766	3,663	-
Total General Administration	**$ 1,924,793**		**$ 280,815**	**$ 346,320**	**$ 533,739**	**$ 727,777**	**$ 36,142**	**$ -**
Facility Operations								
Harkins Slough	$ 274,374	Harkins Slough	$ -	$ -	$ 164,800	$ 109,574	$ -	$ -
Coastal Distribution	1,097,919	Coastal Distribution	-	-	942,423	155,496	-	-
Supplemental Water (In-Basin)	472,852	Supplemental Wells	-	-	265,313	207,539	-	-
Recycled Water	2,342,296	Recycled Water Facility	-	-	2,014,623	327,673	-	-
Metering Program	504,532	Metering Only	-	504,532	-	-	-	-
Total Facility Operations	**$ 4,691,972**		**$ -**	**$ 504,532**	**$ 3,387,159**	**$ 800,281**	**$ -**	**$ -**
Basin Management Planning								
Basin Modeling	$ 311,482	Basin Consumption	$ -	$ -	$ 267,908	$ 43,574	$ -	$ -
Basin Monitoring	283,872	Basin Consumption	-	-	244,160	39,712	-	-
In-Basin Management	617,207	Basin Consumption	-	-	530,864	86,343	-	-
Regional Water Management	37,959	Basin Consumption	-	-	32,649	5,310	-	-
Out-of-Basin Funding	53,283	Basin Consumption	-	-	45,829	7,454	-	-
In-Basin Funding	165,386	Basin Consumption	-	-	142,249	23,136	-	-
Total Basin Management Planning	**$ 1,469,189**		**$ -**	**$ -**	**$ 1,263,659**	**$ 205,530**	**$ -**	**$ -**
Total Operating Expenditures	$ 8,488,273		$ 339,511	$ 923,239	$ 5,296,119	$ 1,885,709	$ 43,697	$ -
As All Others Reallocation			-	-	-	-	-	
Total Operating Expenditures	**$ 8,488,273**		**$ 339,511**	**$ 923,239**	**$ 5,296,119**	**$ 1,885,709**	**$ 43,697**	

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Non-Operating Expenses

	5-Year Average	Allocation Basis						
Capital Projects								
Basin Monitoring Improvements	$ 300,000	Capital & Capacity	$ -	$ -	$ 236,505	$ 41,968	$ 21,527	$ -
Harkins Slough Facility Upgrades	1,882,000	Capital & Capacity	-	-	1,483,674	263,280	135,046	-
College Lake IRWP	12,871,100	Capital & Capacity	-	-	10,146,928	1,800,586	923,586	-
Watsonville Slough Diversion	2,620,000	Capital & Capacity	-	-	2,065,476	366,522	188,002	-
RW Facility Disk Filter Upgrade	20,000	Capital & Capacity	-	-	15,767	2,798	1,435	-
RW Storage Project	450,000	Capital & Capacity	-	-	354,757	62,952	32,290	-
CDS F-Line Expansion	300,000	Capital & Capacity	-	-	236,505	41,968	21,527	-
BMP Update	80,000	Capital & Capacity	-	-	63,068	11,191	5,741	-
Total Capital Projects	**$ 18,523,100**		**$ -**	**$ -**	**$ 14,602,681**	**$ 2,591,266**	**$ 1,329,154**	**$ -**
Debt Service								
Department of Water Resources (DWR) Note Payab	$ 241,359	Capital & Capacity	$ -	$ -	$ 190,275	$ 33,765	$ 17,319	$ -
2015 Water Revenue Refunding Bonds	1,138,350	Capital & Capacity	-	-	897,418	159,248	81,684	-
2016 Water Revenue Refunding Bonds	804,734	Capital & Capacity	-	-	634,411	112,577	57,745	-
Future Debt Service	1,423,840	Capital & Capacity	-	-	1,122,484	199,186	102,170	-
Total Debt Service	**$ 3,608,283**		**$ -**	**$ -**	**$ 2,844,589**	**$ 504,776**	**$ 258,918**	**$ -**

Rate Revenue Requirement

	5-Year Average							
Operating Expenses	8,488,273	*As O&M*	$ 339,511	$ 923,239	$ 5,296,119	$ 1,885,709	$ 43,697	$ -
Debt Service	3,608,283	*As Debt Service*	-	-	2,844,589	504,776	258,918	-
Rate Funded Capital (PAYGO)	-	Capital & Capacity	-	-	-	-	-	-
Replacement Funding	-	Capital & Capacity						
Transfer to Capital Reserve	-	Capital & Capacity	-	-	-	-	-	-
Coverage Driven Increase	-	Capital & Capacity	-	-	-	-	-	-
Reserves Driven Increase	-	Capital & Capacity	-	-	-	-	-	-
Total Policy Expenditures	-	As All Others	-	-	-	-	-	-
Total Expenses	**$ 12,096,556**		**$ 339,511**	**$ 923,239**	**$ 8,140,707**	**$ 2,390,485**	**$ 302,615**	**$ -**
(Less) Offsetting Revenues								
Cashflow (Surplus) / Deficit	$ 1,913,991	Capital & Capacity	$ -	$ -	$ 1,508,894	$ 267,755	$ 137,341	$ -
Management Fees	(387,000)	As All Others	-	-	-	-	-	(387,000)
Interest Income	(260,202)	As All Others	-	-	-	-	-	(260,202)
Other Revenues	(35,000)	As All Others	-	-	-	-	-	(35,000)
Total Offsetting Revenues	**$ 1,231,789**		**$ -**	**$ -**	**$ 1,508,894**	**$ 267,755**	**$ 137,341**	**$ (682,202)**
Total Rate Revenues to be Collected	$ 13,328,345		$ 339,511	$ 923,239	$ 9,649,602	$ 2,658,240	$ 439,956	$ (682,202)
As All Others Reallocation			*(16,531)*	*(44,954)*	*(469,859)*	*(129,435)*	*(21,422)*	
Total Allocation	**$ 13,328,345**		**$ 322,979**	**$ 878,285**	**$ 9,179,743**	**$ 2,528,805**	**$ 418,534**	
			2.4%	*6.6%*	*68.9%*	*19.0%*	*3.1%*	

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Appendix C

MEU RATIOS

Table C.1 O&M Cost Escalators

Meter Size	Meter Equivalent Unit, 1" Meter Basis
5/8"	0.71
3/4"	0.79
1"	1.00
1.5"	1.29
2"	2.07
3"	7.86
4"	10.00
6"	15.00
8"	20.71
10"	35.23
14"	62.93

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APPENDIX D

RATE CALCULATION

Table D.1 Augmentation Charge, Outsize DWZ FYE 2026 Rate Calculation

Augmentation Charge – Outsize DWZ	FYE 2026
Metered Water Users Revenue to Recover	$14,251,648
All Metered Water Consumption	41,274 AF
Augmentation Charge – Outside DWZ	**$346 / AF**

Table D.2 Augmentation Charge, Rural Residential FYE 2026 Rate Calculation

Augmentation Charge – Rural Residential	FYE 2026
Unmetered Water Users Service Revenue to Recover	$402,658
Unmetered Consumption	1,240 AF
Augmentation Charge – Rural Residential	**$325 / AF**

Table D.3 Augmentation Charge, Inside DWZ FYE 2026 Rate Calculation

Augmentation Charge – Inside DWZ	FYE 2026
Additional DWZ Metered Service Revenue to Recover	$496,634
Metered Water Consumption - Inside DWZ	3,547 AF
Additional Supplemental Service	**$140 / AF**
Augmentation Charge – Outside DWZ Charge	**+ $346 / AF**
Total Augmentation Charge – Inside DWZ	**$486 / AF**

Table D.4 Delivered Water Charge FYE 2026 Rate Calculation

Delivered Water Charge	FYE 2026
Delivered Water Service Revenue to Recover	$3,463,058
Delivered Water Consumption	6,915 AF
Delivered Water Charge	**$501 / AF**

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Resolution 2021-05

A Resolution of the Board of Directors of the Pajaro Valley Water Management Agency

Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge

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WHEREAS, Pajaro Valley Water Management Agency ("Agency") proposes to revise and increase the Agency augmentation charge and delivered water charge. The Agency has prepared the 2021 Cost of Service Rate Study ("Rate Study") to evaluate, explain, and substantiate the Agency's revenue needs and proposed new augmentation and delivered water charges. The Rate Study determines and calculates the proposed revised charges and explains the basis and reasons for increasing the charges.

WHEREAS, California Constitution Article XIII C (amended by Proposition 26) and Article XIII D (added by Proposition 218) regulate local agency taxes, fees, and charges. Proposition 218 imposes procedural and substantive limitations and requirements on property-related service charges. Proposition 26 imposes substantive limitations and requirements on other fees and charges. The Agency delivered water charge is a property-related service charge subject to Proposition 218. However, since the delivered water charge is a charge for water service, it is exempt from the Proposition 218 voter approval requirement.

WHEREAS, In 2017, the California Supreme Court ruled in *City of San Buenaventura v. United Water Conservation District* that groundwater pumping charges (such as the Agency augmentation charge) are not property-related fees subject to Proposition 218. Therefore, the augmentation charge is subject to Proposition 26 and other requirements of state law.

WHEREAS, Some of the notice, hearing, and majority protest procedures and requirements in Propositions 26 and 218 and other applicable laws are unclear and lacking in detail. Pajaro Valley Water Management Agency Act ("Agency Act") section 1002 requires a notice and hearing in connection with the adoption or increase of the augmentation charge, but the Agency Act does not specify the notice and hearing procedures.

WHEREAS, Agency Act sections 410 and 501-502 authorize the Agency Board of Directors ("Board") to adopt a resolution establishing procedures to implement and supplement the notice, hearing, and proceedings for the augmentation charge and delivered water charge increases pursuant to the Agency Act and Propositions 26 and 218. The Board desires to adopt this resolution to aid the Agency, its Board and staff, and affected property owners, tenants, and ratepayers with regard to the procedures governing the proposed charge increases.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Pajaro Valley Water Management Agency as follows:

1. General. The Board adopts these notice, hearing, and protest procedures to govern the Agency proceedings for the consideration and approval of the revised augmentation charge and delivered water charge. In adopting this resolution, the Board intends to adopt procedures that are consistent with and fairly implement the Agency Act and Section 6 as applied to the unique circumstances of the augmentation charge and delivered water charge. It is not the intention of the Board to vary in any way from the requirements of the California Constitution, Agency Act, or any other federal or state law. If there is any inconsistency between a provision of this resolution and a requirement of federal or state law, the federal or state law shall govern.

2. Notice, Hearing, and Protest Procedures. These notice, hearing, and (for the delivered water charge) protest procedures are adopted for the purposes of assuring compliance with the requirements of the Agency Act and Section 6 as applied to the proposed revision of the augmentation charge and delivered water charge. This resolution provides notice to interested persons as to the procedures the Board intends to follow with respect to the public hearing notice, mailing and distribution of the public hearing notices, filing of written protests, conduct of the public hearing, and the counting of written protests following the close of the public hearing to determine whether or not there is a majority protest.

(a) Identify Parcels Subject to Delivered Water Charge. Section 6, subsection (a)(1) requires the Agency to identify the "parcels upon which a fee or charge is proposed for imposition" (the "Identified Parcels"). (See also Government Code section 53750(g), "Identified parcel" means a "parcel of real property upon which a proposed property-related fee or charge is proposed to be imposed.") This requirement applies to the delivered water charge. The revised delivered water charge will be levied against property owners of parcels that receive or may receive water service through the Agency Coastal Distribution System as described in the Report.

Therefore, the "parcels upon which" the delivered water charge "is proposed for imposition" shall be the parcels that are located within the Coastal Distribution System water service area as determined by the General Manager.

(b) Recipients of Delivered Water Charge Public Hearing Notice

(1) Section 6, subsection (a)(1) provides that the Agency "shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition." Government Code section 53750(i) defines "notice by mail" to mean "any notice required by Article XIII C or XIII D of the California Constitution that is accomplished through a mailing, postage prepaid, deposited in the United States Postal Service and is deemed given when so deposited." Government Code section 53750(j) defines "record owner" to mean "the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll, or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the agency."

(2) Therefore, the public hearing notice for the delivered water charge shall be provided through a mailing, postage prepaid, deposited in the United States Postal Service to the owner of the Identified Parcels (determined and identified pursuant to paragraph 2(a)) whose name and address appears on the last equalized secured county property tax assessment roll (the

"Assessment Roll") or, in the case of a government owned parcel, to the representative of that government agency at the address of that entity known to the Agency. For groundwater extraction facilities owned by a city or special district, the notice shall be mailed to the city council or governing board of the city or district.

(3) California Constitution article XIII D, section 2(g) defines "property ownership" to "include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question," which raises the question of whether tenants are entitled to receive the public hearing notice. With respect to the delivered water charge involving a parcel with a tenant/farmer, the Agency typically enters into a service agreement with the property owner receiving the service and then coordinates with the tenant concerning water delivery, billing, and payment. In tenant situations, the delivered water charge bill may be, and often is, paid by the tenant (even though the owner remains primarily liable). The Agency intends to continue this practice with the revised delivered water charge ordinance. Therefore, delivered water service tenants may be directly liable to pay the delivered water charge. Accordingly, in addition to mailing the public hearing notice to the record owner of each Identified Parcel, the Agency shall mail the notice to any tenant/customer address to which the Agency customarily mails the delivered water charge billing statement as shown on the Agency billing records.

(c) Notice of Public Hearing for Augmentation Charge. Under the Agency Act, any action to adopt or increase the augmentation charge must be approved by an ordinance adopted by the Agency Board "after notice and hearings." (Agency Act sections 1001-1002.) While the Act requires "notice and hearings," it does not specify any procedures or details concerning the process to notice and conduct the hearing. Government Code section 66018 is a catchall local agency fee notice statute. In the absence of another statute setting forth the augmentation charge hearing procedure, the Agency shall follow section 66018 for the notice and hearing requirements to apply to the augmentation charge (which are incorporated in the provisions below).

(d) Contents of Public Hearing Notice. There will be two separate public hearing notices, one for the augmentation charge and one for the delivered water charge. Each notice shall contain all of the following information:

(1) A reference to the Report and information about where the Report may be reviewed and obtained.

(2) The date, time, and place of a public hearing (the "Public Hearing") before the Board at which the Board will consider the Report, receive and consider public comments and protests, and consider adopting ordinances to approve the revised augmentation charge and revised delivered water charge. There will be two separate Public Hearings, but they will be scheduled for and conducted at the same Board meeting.

(3) The amount of the proposed augmentation charge or delivered water charge rates consistent with the final Report and the proposed ordinances increasing the charges, with the rates presented so as to allow the property owner to determine the expected or estimated amount chargeable to the owner's particular property.

(i) The augmentation charge will be levied based on the actual or estimated quantity of groundwater extracted from the extraction facility. There are both metered and unmetered extraction facilities in the Agency. For the metered extraction facilities, the augmentation charge amount will be based on the extraction facility's actual groundwater extraction amount as measured by the meter. For the unmetered extraction facilities, the augmentation charge amount will be based on the estimate of the extraction facility's groundwater extraction amount as determined by the Agency in accordance with the Report.

(ii) The delivered water charge will be a variable charge based on the actual quantity of water delivered to the Identified Parcel.

(4) An explanation of the basis upon which the augmentation charge or delivered water charge rates were calculated.

(5) An explanation of the reasons for the revised augmentation charge or delivered water charge.

(6) Such other appropriate information as determined by the General Manager.

(e) Mailing of Delivered Water Charge Public Hearing Notice. The General Manager or his or her designee shall mail the delivered water charge public hearing notice to the delivered water charge recipients (in accordance with paragraph 2(b)) at least 45 days prior to the Public Hearing date. A notice also shall be mailed to any interested party who has filed a written request with the Agency for mailed notice of Board hearings on new or increased fees and charges. The General Manager or his or her designee may certify the proper mailing of the notices by a declaration, which shall constitute conclusive proof of mailing in the absence of fraud. Failure of any person to receive notice shall not invalidate the proceedings.

(f) Distribution of Augmentation Charge Public Hearing Notice. The General Manager or his or her designee shall distribute the augmentation charge public hearing notice as follows at least 10 days prior to the Public Hearing date: (i) publish the notice twice in a local newspaper of general circulation, with the first notice at least 10 days prior to the hearing date and with at least five days intervening between the dates of the first and second publication; (ii) post the public hearing notice on the Agency website and in the location where the Agency posts Board meeting agendas; and (iii) mail the notice to any interested party who has filed a written request with the Agency for mailed notice of Board hearings on new or increased fees and charges.

The General Manager or his or her designee may certify the proper mailing of the notices by a declaration, which shall constitute conclusive proof of mailing in the absence of fraud. Failure of any person to receive notice shall not invalidate the proceedings.

(g) Filing a Written Protest Against Delivered Water Charge. Section 6, subsection (a)(2) provides that: "At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge." The following rules shall govern the process of evaluating and accepting written protests against the proposal to increase the delivered water charge:

(1) The Assessment Roll shall be presumptive evidence of ownership of an Identified Parcel for written protest purposes. If a person asserts that it is the owner of an Identified Parcel but is not shown as the owner on the Assessment Roll, then such person may seek to establish eligibility to file a written protest for such parcel by filing with the General Manager evidence of ownership. If the submitted evidence of ownership is satisfactory to the General Manager, then the protest shall be accepted. Any such evidence must be received by the General Manager prior to the close of the Public Hearing.

(2) When an Identified Parcel is held by a partnership, as community property, in joint tenancy, as a tenancy in common, or by a trust, any partner, spouse, joint tenant, tenant in common, or trustee, as the case may be, may file a written protest for such parcel.

(3) An executor, administrator, or guardian may file a written protest for an Identified Parcel on behalf of the estate it represents. If such representative is not shown as the owner on the Assessment Roll, then the representative must file written documentation satisfactory to the General Manager establishing the legal representation. Any such documentation must be filed with the General Manager prior to the close of the Public Hearing.

(4) When an Identified Parcel is held by a corporation, company, unincorporated association, or local government agency, a written protest may be filed by resolution of the board of directors or other governing board, by the chief executive officer of the entity, or by any other person authorized in writing by the board of directors or other governing board to take such actions. If the protest is filed by a person other than the chief executive officer on behalf of the entity, then the corporation, unincorporated association or local government agency must file written authorization satisfactory to the General Manager. Any such written authorization must be filed with the General Manager prior to the close of the Public Hearing.

(5) Government Code section 53755(b) states that "[o]ne written protest per parcel, *filed by an owner or tenant of the parcel*, shall be counted in calculating a majority protest to a proposed new or increased fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution." Based on section 53755(b), the Agency shall accept a written protest filed by an owner or a tenant of an Identified Parcel provided, however, that if a tenant desires to protest, then (i) the tenant must file with the General Manager a copy of the lease or rental agreement for the Identified Parcel or other written documentation satisfactory to the General Counsel establishing the tenancy (any such documentation must be filed with the General Manager prior to the close of the Public Hearing), or (ii) the tenant must be listed as a tenant/customer on the Agency delivered water charge billing records. If the tenant is other than a natural person, then the rules in subparagraphs (g)(1) to (g)(4) shall apply to determine the authority of a person to act on behalf of the tenant.

(6) Each written protest must identify the Identified Parcel covered by the protest and bear the original signature of the property owner or tenant or authorized representative (as provided above in subparagraphs (g)(1) to (g)(5)). A written protest may be mailed or sent by other courier or delivery service to the General Manager (Pajaro Valley Water Management Agency, 36 Brennan Street, Watsonville, CA 95076), hand-delivered to the same address, or hand-delivered at the Public Hearing. A protest delivered via e-mail will not be counted as a written protest for purposes of determining whether a majority protest exists.

(7) No written protest received by the Agency after the close of the Public Hearing shall be counted in determining the existence of a majority protest.

(8) A written protest may be withdrawn in writing at any time prior the close of the Public Hearing by the person who submitted the written protest.

(9) All written protests received by the Agency and not withdrawn prior to the close of the Public Hearing shall be considered public records for at least two years following the Public Hearing date.

(10) A written protest respecting multiple Identified Parcels that are combined into a single instrument shall be accepted and all Identified Parcels listed in the combined protest shall be counted if the combined protest otherwise satisfies the requirements of this subparagraph (g).

(h) Counting of Written Protests and Determining Majority Protest

(1) Written protests against the proposal to increase the delivered water charge shall be reviewed and tabulated by the General Manager or his or her designee. The review and tabulation shall be in an open and public setting. Any interested member of the public may observe the tabulation process.

(2) The Agency will not count a protest that (i) does not clearly identify the protestant's Identified Parcel, (ii) is not signed by the property owner, tenant, or authorized representative, (iii) is not from a property owner or tenant of an Identified Parcel, or (iv) does not clearly indicate a protest against or objection to the proposed charge. The cause of the rejection shall be written on the face of the protest.

(3) For purposes of determining whether a majority protest exists, only one protest per Identified Parcel will be counted. (Government Code section 53755(b).) In order to be counted in determining whether a majority protest exists, a protest must be a proper written protest timely received by the Agency in accordance with subparagraph (g).

(4) A written protest from any person having an ownership or tenancy interest or representing a person having such an interest in an Identified Parcel will result in having that Identified Parcel counted as an Identified Parcel with a written protest, irrespective of the possibility that one or more other persons having an ownership or tenancy interest or representing a person having such an interest in the same Identified Parcel do not join in the written protest.

(5) In calculating the majority protest, the numerator shall be the number of proper timely written protests and the denominator shall be the total number of Identified Parcels (determined pursuant to subparagraph (a)). If the calculated percentage is greater than 50%, then there shall be a majority protest. If the calculated percentage is 50% or less, then there shall not be a majority protest.

(i) Conduct of the Public Hearing

(1) At the time, date, and place fixed for the Public Hearings, the Board shall hear staff presentations pertaining to the Report and proposed ordinances, hear all persons interested in the matter or any aspect of the Report or proposed ordinances, and receive public comments and (for the delivered water charge) written protests regarding the Report and proposed ordinances. A Public Hearing may be continued from time to time as determined by the Board of Directors. If it is not possible to tabulate all of the protests on the day of the Public Hearing, then the Public Hearing may be closed but action on the delivered water charge increase ordinance may be continued until after finishing tabulation of the protests.

(2) If the Board determines after the close of the Public Hearing on the delivered water charge that written protests against the charge have been presented, and not withdrawn, by owners, tenants, or authorized representatives of a majority of the Identified Parcels (i.e., there is a majority protest as determined pursuant to paragraph (h)), the delivered water charge increase ordinance shall not be adopted and the revised charges will not be imposed.

(3) If the Board determines after the close of the Public Hearing on the delivered water charge that there is not a majority protest against the charge, the Board may (i) approve the Report as originally filed or as amended (provided that any such amendment shall not result in an increase in the charge above the amount shown in the public hearing notice), and (ii) adopt the ordinance increasing the delivered water charge.

(4) At the close of the Public Hearing on the augmentation charge, the Board may (i) approve the Report as originally filed or as amended (provided that any such amendment shall not result in an increase in the charge above the amount shown in the public hearing notice), and (ii) adopt the ordinance increasing the augmentation charge.

3. Effective Date of Resolution; Amendment. This resolution shall take effect immediately upon its adoption. These procedures may be amended from time to time by subsequent resolution of the Board.

4. Supersedes 2015 Resolution. This resolution supersedes Agency Resolution No. 2015-04.

PASSED AND ADOPTED by the Board of Directors of the Pajaro Valley Water Management Agency on the day of **2021**, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____
Amy Newell, Chair

Attest:

_____
Laura R. Taay, Secretary

Production Monthly Summary as of January 31st, 2021

All totals are in Acre Feet

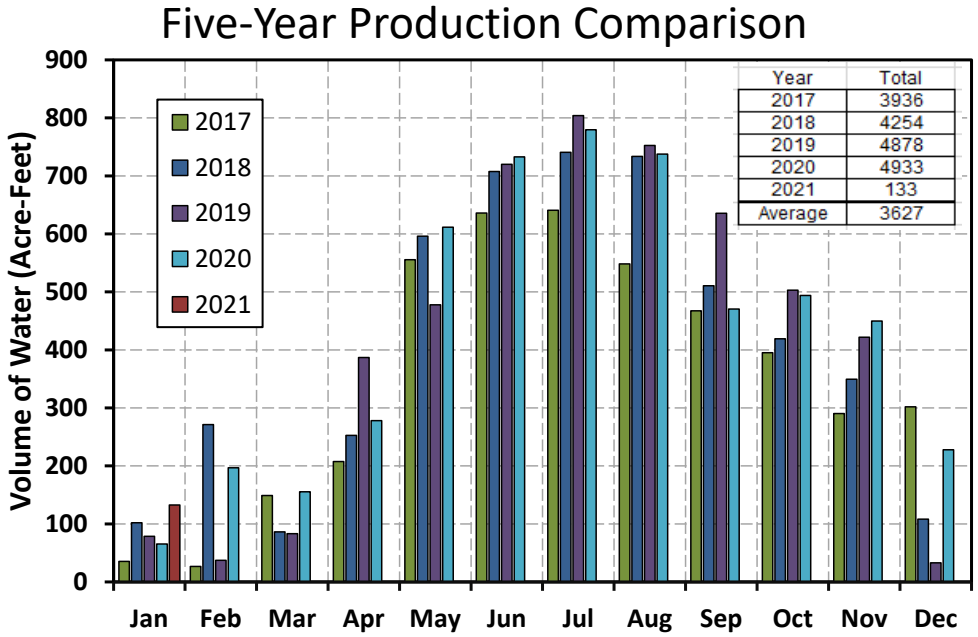
	January	February	March	April	May	June	July	August	September	October	November	December		Individual Totals
Harkins Slough Project:														
Effluent FW to Basin	0.000	0.000	0.000	0.000	0.000									**0.0**
Coastal Distribution System (CDS):														
Well Production														
Recovery Wells Sub Total	8.507	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		**8.51**
Blend Wells														
SW #1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		**0.00**
SW #2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		**0.00**
Blend Wells Subtotal	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		**0.00**
RWF Blend*	124.175	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		**124.18**
CDS Total	132.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		**132.68**

Approximate Recycled Water Blend Breakdown:**

Estimated Recycled Water	108.473	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		108.47
RWF No_1 (potable)	15.702	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		15.70

* Recycled Water Blend Breakdown is Approximate because there is always some water in the tank that may be recycled water or RWF No-1 Water, "Est Recycled Water" is the RWF Blend total, (which is measured by the RWF Distribution meter after the tanks,) MINUS the RWF No_1 total, which is measure before the No_1 water goes into the tanks to blend.

Well 860 (Harvest Dr.)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.00



2020 Production Percentages:			
Recovery Wells	**Supplemental Wells**	**Recycled Water**	**Potable Water**
6%	**0%**	**82%**	**12%**

Achieving a Sustainable Groundwater Basin

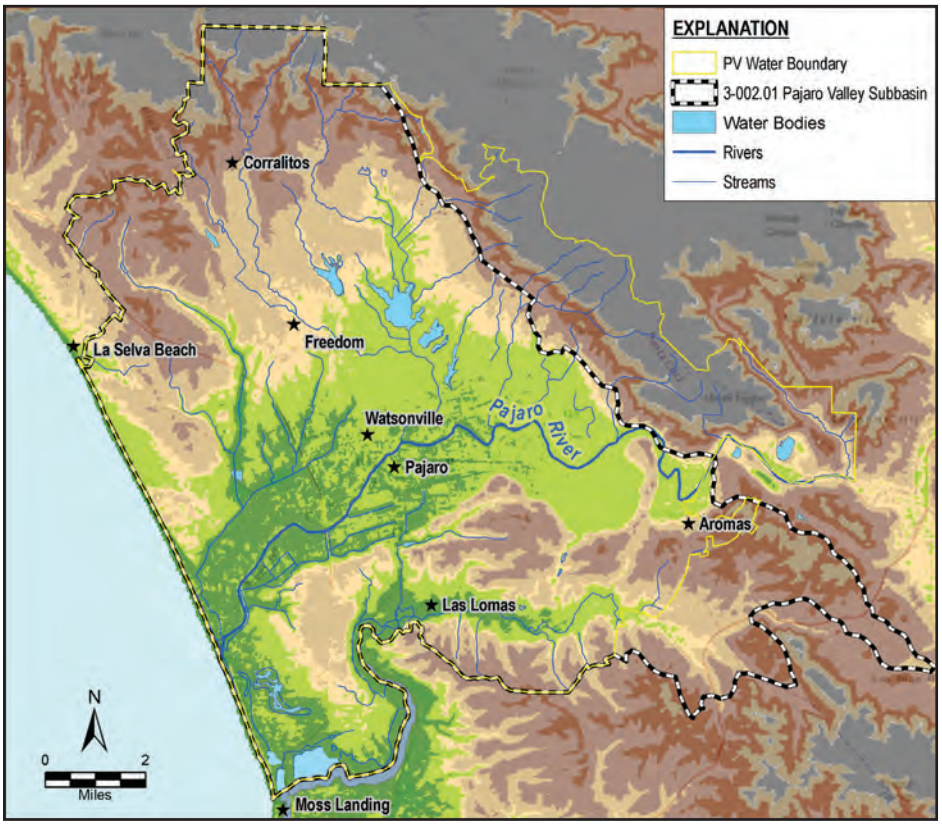
PV Water
FACT SHEET

For the Beneficial Users of the Pajaro Valley Basin through The Basin Management Plan - Groundwater Sustainability Update 2022 Process

Ensuring Sustainability for the Pajaro Valley Basin: **A Central Coast Jewel**

From the redwoods to the sea, the Pajaro Valley is home to approximately 95,000 residents, a billion-dollar agriculture industry that feeds our communities, a rich coastal ecosystem, and more.

The Pajaro Valley Groundwater Basin is a critically overdrafted, high priority basin as defined by the California Department of Water Resources (DWR). The Pajaro Valley Basin is located at the end of the Pajaro River Watershed which drains approximately 1,300 square miles of Monterey, Santa Cruz, Santa Clara, and San Benito Counties. The Pajaro Valley Basin is bordered by the Monterey Bay to the west and the San Andreas Fault to the east. It is adjacent to the Santa Cruz Mid-County Basin and Purisima Highlands Subbasin to the northwest, and the Salinas Valley 180/400-Foot Aquifer and Langley Area Subbasins to the south.



95,000
residents

120
square miles

$1 billion
agriculture industry

Groundwater Sustainability Update 2022: A Collaborative Process

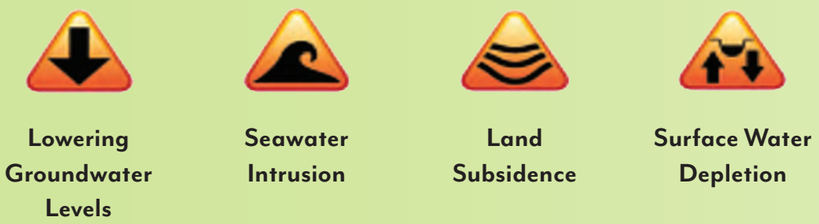
Groundwater is vital to the Pajaro Valley and neighboring communities for life, the economy, and the environment. Groundwater provides more than 90 percent of the total water supply for the Pajaro Valley during an average year. Groundwater is the source of most drinking water for municipal and rural residents, and it is utilized for agricultural and commercial purposes.

Achieving a sustainable groundwater basin is Pajaro Valley Water Management Agency's (PV Water) primary goal. To achieve this goal, PV Water is partnering with local and regional stakeholders to develop the **Basin Management Plan: Groundwater Sustainability Update 2022**. This process, known as **GSU22**, is a continuation of PV Water's Basin Management Plan Update (BMP, 2014) that was submitted to DWR in 2016 as an Alternative to a Groundwater Sustainability Plan (GSP) for the Pajaro Valley Basin. DWR approved PV Water's Alternative in 2019, and the Sustainable Groundwater Management Act (SGMA) requires that approved Alternatives be updated every five years. PV Water's first five-year update is the **GSU22**. PV Water is receiving $500,000 in Proposition 68, Sustainable Groundwater Management Grant funds from DWR to support the development of **GSU22**.

GSU22 & SGMA

California lawmakers adopted SGMA in 2014. The law seeks to bring the state's medium and high priority groundwater basins into a sustainable condition. SGMA requires that high priority, critically overdrafted basins such as Pajaro Valley achieve sustainability by 2040. SGMA identifies six sustainability indicators to be used to assess basin sustainability. The **GSU22** effort includes analyses for the four sustainability indicators illustrated below, as recommended by DWR. DWR concluded that PV Water's Alternative provides reasonable standards for groundwater storage and water-quality degradation, the other two sustainability indicators.

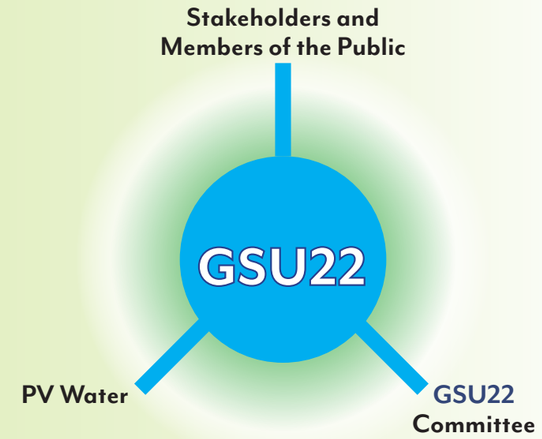
Sustainability Indicators to be Addressed with GSU22



An adopted update is due to DWR by January 1, 2022

The Collaborative **GSU22** process will be accomplished through broad stakeholder participation. The participating stakeholder groups include:

- PV Water (Board and Staff)
- **GSU22** Ad Hoc Sustainable Groundwater Planning Advisory Committee (**GSU22** Committee)
- Beneficial Users
- Public



PV Water, as the sole Groundwater Sustainability Agency, is responsible for achieving sustainable groundwater resources for the Pajaro Valley Basin. The PV Water Board of Directors voted to create the Ad Hoc Sustainable Groundwater Planning Advisory Committee (**GSU22** Committee) to guide development of the **GSU22** as described in the **GSU22** Communication and Engagement Plan. The **GSU22** Committee, with stakeholder input, will submit a recommended **GSU22** Plan to the PV Board for consideration of approval by December 2021.

What will the GSU22 process accomplish?

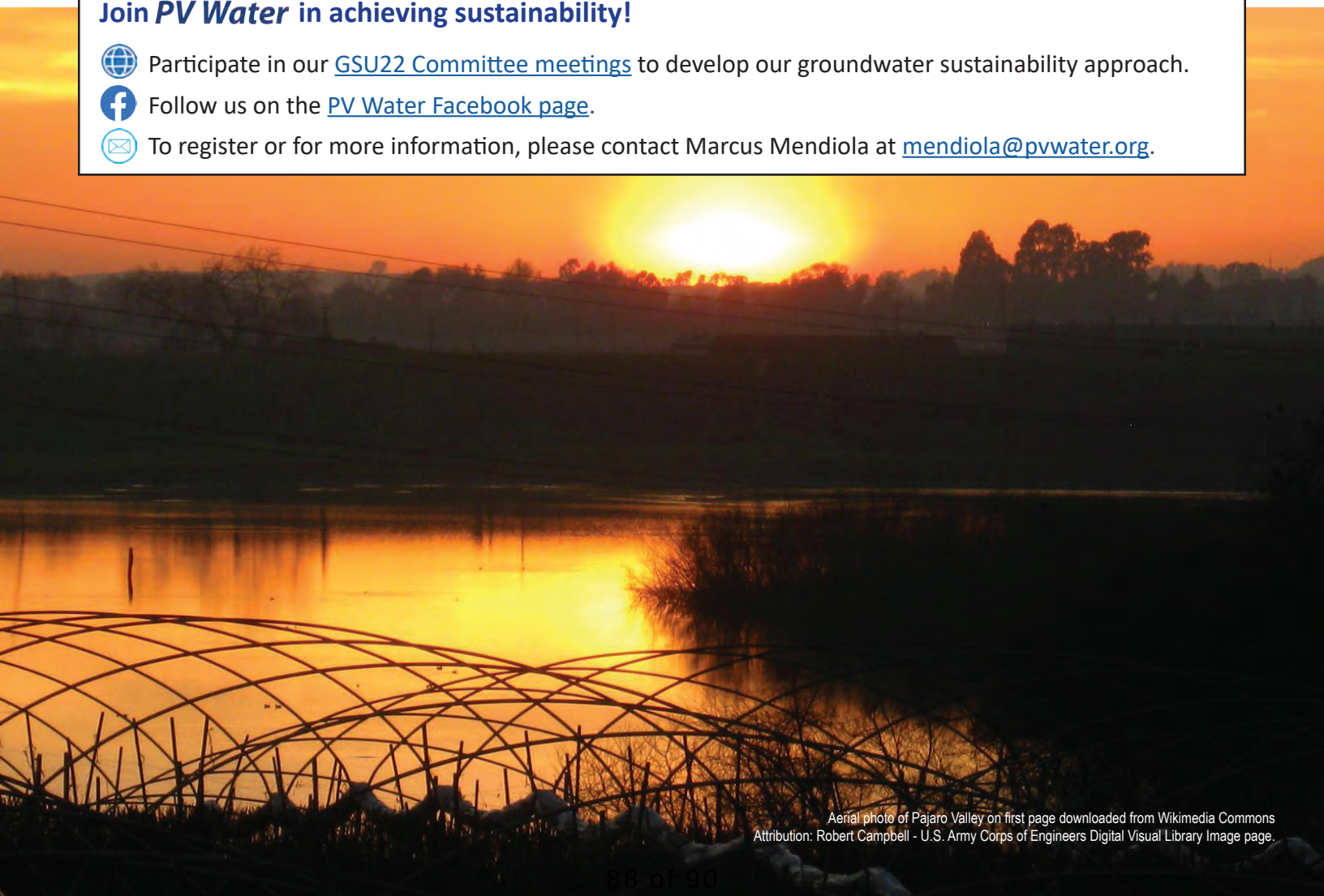
1. A strengthened Plan and Framework (**GSU22**) to achieve a sustainable Pajaro Valley Groundwater Basin for beneficial users now and for generations to come
2. Evaluation of whether BMP projects and management actions will achieve sustainability as defined by **GSU22** consistent with SGMA
3. Development of monitoring plans to assess groundwater sustainability and improve knowledge of the Pajaro Valley Basin for enduring solutions

GSU22 Schedule

Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul/Aug	Oct/Nov	Dec
Admin	General	Seawater Intrusion	Surface Water Depletion	Seawater Intrusion	Seawater Intrusion	Lowering GW Levels	Surface Water Depletion	Management Actions	Monitoring Plans	Board Meeting	Admin
General	Intro to Sustainability Criteria	Land Subsidence	Groundwater Dependent Ecosystems			Groundwater Dependent Ecosystems	General	General	General		Submit GSU22 to DWR
	Lowering GW Levels					General	Board Meeting		Board Meeting		
Stakeholders' Input											

Join *PV Water* in achieving sustainability!

- Participate in our GSU22 Committee meetings to develop our groundwater sustainability approach.
- Follow us on the PV Water Facebook page.
- To register or for more information, please contact Marcus Mendiola at mendiola@pvwater.org.



Aerial photo of Pajaro Valley on first page downloaded from Wikimedia Commons
Attribution: Robert Campbell - U.S. Army Corps of Engineers Digital Visual Library Image page.

INTEGRATED REGIONAL WATER MANAGEMENT

Pajaro River Watershed

Region At-A-Glance

Region Description

The 1,300-square mile Pajaro River Watershed supports diverse environments and urban and agricultural land uses. The Pajaro River feeds the Monterey Bay, a federally protected National Marine Sanctuary. The river supplies water and provides recreational opportunities to the diverse communities within the watershed.

Counties Within the Region

Santa Cruz, San Benito, Santa Clara, and Monterey Counties

Population Served

140,000

IRWM Funding Brought to the Region

$31,627,927

Amount of Funding Leveraged by Locals

$90,683,019

California Senate and Assembly Districts

State Senate - District 17, 12

State Assembly – District 30, 29

Region Map

Governance Description

The Pajaro River Watershed IRWM Program decision-making authority consists of a Regional Water Management Group, composed of the Pajaro Valley Water Management Agency, San Benito County Water District, and Valley Water. This group solicits input from 3 advisory entities - a Stakeholder Steering Committee (SSC) and its associated subcommittees, the Implementation Project Sponsors, and general stakeholders.

Top Region Priorities

- Preserve the economic and environmental wealth and well-being of the Pajaro River Watershed.
- Perform watershed stewardship and comprehensive management of water resources in a practical, cost effective, and responsible manner.
- Provide multiple benefits such as water supply, groundwater management, flood management, and water quality.

Region Successes and Highlights

1. Identified needs and improved participation of under-represented communities
2. Completed planning studies and implemented projects to address groundwater water quality concerns
3. Implemented projects to improve local water supply availability, water conservation, flood risk reduction, and habitat improvement

Region Contact

Contact Name: Neeta Bijoor, Associate Water Resources Specialist

Email: nbijoor@valleywater.org **Phone: (408) 630-2040** **Website:** www.pajaroirwmp.com

INTEGRATED REGIONAL WATER MANAGEMENT

The Path to a Resilient Water Resources Future

History

In 2002, the State Legislature passed the Integrated Regional Water Management (IRWM) Planning Act (SB 1672) to encourage local entities to improve water quality and water supply reliability to meet the state's overall agricultural, domestic, industrial and environmental water needs. IRWM Regions are self-organized, geographically based groups, and the 48 regions serve 99% of California's population.

A Unique Approach With Multi-Benefit Results

IRWM is more than a grant program. It is an established structure that brings together cities, counties, water districts, community and environmental groups, Tribes and others to build diverse partnerships that write regional plans, construct infrastructure projects, and implement water conservation and water-energy savings programs on a regional scale. This approach increases regional self-reliance, reduces conflict, and manages water to achieve climate resilience.

IRWM differs from traditional approaches to water resource management by integrating all facets of water management and climate solutions to achieve multi-benefit results.

The Future of California's Resilience

IRWM Regions have created regional planning capacity that strongly positions them as the best vehicle in planning for future climate resiliency as envisioned in the Water Resilience Portfolio.

The State should continue to leverage this unique tool through investment in IRWM.

State and Local Investments

Locals invest over $4 for every $1 invested by the State.

Props 50, 84 and 1 have supported more than 1,300 multi-benefit projects. Prop 1 has specifically targeted disadvantaged communities and Tribes.

Leveraging State Funding

$1.45 B
State Funds

$5.6 B
Local Match

7 Benefits of IRWM

- #1 **LEVERAGES** funding sources
- #2 **PROMOTES** regional governance
- #3 **INCENTIVIZES** multi-benefit projects
- #4 **DISSOLVES** water management silos
- #5 **INVOLVES** Tribal governments and underrepresented communities
- #6 **ENCOURAGES** diverse stakeholder collaboration
- #7 **INTEGRATES** climate change in comprehensive plans

Other Resources

Roundtable of Regions:
www.roundtableofregions.org

Department of Water Resources:
water.ca.gov/Programs/Integrated-Regional-Water-Management

ACWA IRWM Policy Principles:
www.acwa.com/wp-content/uploads/2019/08/PP-Integrated-Regional-Water-Management-IRWM-9-11.pdf