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
June 16, 2021, 5:30 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. **Closed Session** – 1 Item**:**
   Conference with Real Property Negotiators – (Cal. Gov't Code §54956.8)
   a. **Property APN's and Owners:**
   1) 051-101-07 – Marco A. Murillo and Ma Estela Murillo, Jesus Murillo and Carmen Murillo;
   2) 051-101-47, 48, 49 – Jacqueline L. Copriviza, Successor Trustee of the Tony and Mary Lipanovich 1991 Revocable Trust Dated June 19, 1991;
   3) 051-101-10 & 12-Tony T. Lazaro & Lisa G. Lazaro, Husband and Wife as Community Property;
   4) 051-101-19 & 18-De Sieyes Brothers LLC;
   5) 051-101-20 & 15-Taurino Gomez and Maria Gomez, Husband and Wife;
   6) 051-101-13 & 22-Taurino Gomez and Maria Gomez, Husband and Wife;
   7) 051-101-11, 24-Janet B. Banovac, Trustee of the Janet Braycovich Banovac Separate Property Trust;
   8) 051-101-50-Diffenbaugh Family Farms LLC;
   9) 051-101-54 & 051-031-28-Glenn C. Noma and Pamela Lynn Noma, Trustees under the Glenn and Pamela Noma 1999 Revocable Trust Dated 2-16-1999, as to an undivided one half interest and Brian a. Murakami, Trustee of the Murakami Family Trust, as to an Undivided One Half Interest;
   10) 051-441-01-Mashito Hiramine and Yoko Hiramine, trustees of the Masahito & Yoko Hiramine Family Trust for the Benefit of Masahito Hiramine & Yoko Hiramine;
   11) 051-441-02-Tony T. Lazaro and Liza G. Lazaro Revocable Inter Vivos Trust;
   12) 051-441-11 & 04-Frank W. Capurro, as Successor Trustee of the Capurro Survivor's Trust UAD June 6, 1984, as to an undivided Twenty Five Percent Interest, Frank W. Capurro, as Successor Trustee of the Capurro Bypass Trust UAD June 6, 1984, as to an Undivided Twenty Five Percent Interest, Paul A. Scherer, An Unmarried Man, an Undivided Twenty Five Percent Interest and John R. Scherer, An Unmarried Man, an Undivided Twenty Five Percent Interest;
   13) 051-441-12-Jessie Maragoni, Trustee of the Maragoni Surviving Spouse "A" Trust;
   14) 051-441-24-David Vasquez and Elia E. Vasquez, Husband and Wife as Joint Tenants;
   15) 051-441-27 & 28-The Roman Catholic Bishop of Monterey, California, A Corporation;
   16) 051-651-05 & 01, E. Allen Harryman and Janice C. Harryman, As Successor Co-Trustees of the Janet Imwalle Trust dated February 10, 1994

Agency Negotiators: Brian Lockwood, Richard Smith
Under Negotiation: Price, terms of payment or both

Open Session (anticipated to resume at 7 p.m.)

5. 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.

6. Director Comments

7. Counsel Report

8. General Manager Report

9. 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 May 19, 2021 Minutes **4**
B. Approve Financial Reports **7**
C. Approve Resolution 2021-09, Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees) **17**
D. Approve Resolution 2021-10, Updating Cash Reserve Policy for Fiscal Year 2021-2022 **20**
E. Approve Agreement with ZAG Technical Services, Inc., for Informational Technology Professional Support Services from July 1, 2021 through June 30, 2023 in an amount not to exceed $100,000 **26**
   1. Introduction by staff
   2. Questions from Board
   3. Public comment
   4. Board discussion and deliberations
   5. Board action

10. Informational Items

A. Receive Basin Management Plan Implementation Update **48**

11. Discussion and/or Action Items

A. Consider Adoption of Proposed Budget for Fiscal Year 2021-2022 **50**
   1. Introduction by staff
   2. Questions from Board
   3. Public comment
   4. Board discussion and deliberation
   5. Board action

12. Monthly Reports/Presentations

A. Facility Operations Report
   1. Receive 2021 Supplemental Water Production Monthly Summary Report **53**

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

C. Public Outreach Update

13. Correspondence

14. Future Meetings

A. Project & Facility Operations Committee, Wednesday, June 30, 2021, 3:00 p.m. Teleconference

B. Ad Hoc Sustainable Groundwater Planning Advisory Committee, Thursday, July 8, 2021, 2:00 p.m., Teleconference

C. Administrative/Finance Committee, Tuesday, July 13, 2021, 3:00 p.m., Teleconference

D. Board of Director's Meeting, Wednesday, July 21, 2021, 7:00 p.m., Teleconference

E. Project & Facility Operations Committee, Wednesday, July 28, 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 will be 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 will 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

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Se proven servicios de interpretacion segun se necesiten. Sirvase contactar a la secretaria de Directiva de la Agencia para hacer preparativos.

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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**
May 19, 2021, 7:00 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 7:02 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) Laura R. Taay, Board Secretary Marcus Mendiola, Water Conservation and Outreach Specialist (WCOS)
Others Present:	Tony Condotti, Agency Counsel (AC) Sam Cooley, Public Ellen Cross, Consultant, Strategy Driver Dr. Andy Fisher, Ph.D., Consultant, Professor UCSC Rosemarie Imazio, Public Erin McCarthy, Consultant, RCD Santa Cruz County Tom Rider, Public Robert Rodoni, Public Kirk Schmidt, Public Cameron Tana, P.E. Consultant, Montgomery & Associates

3. **Pledge of Allegiance**

4. **Oral Communications:** None

5. **Director Comments:** None

6. **Counsel Report:** None

7. **General Manager Report:** GM Lockwood reported on:

- Attended ACWA Conference May 12 & 13, 2021, via teleconference. The 1st day cancelled due to technical difficulty, Friday, May 14, was added day.
- Jaime Marquez, new Field Technician, started work on May 10, 2021, and Juan Cadenas, new Maintenance Technician, will start work on May 24, 2021.
- GSA Summit: "Working Toward Implementation" – Wednesday, June 9 – Thursday, June 10, 2021 via Teleconference

8. Consent Agenda

A. Approval of April 21, 2021 Board Meeting Minutes
B. Approval of May 5, 2021 Special Board Meeting Minutes
C. Approval of Financial Reports
D. Approval of Amendment to Agreement with cbec inc., for College Lake Project Scour and Channel Bank Erosion analysis, in an amount not to exceed $33,039
E. Approved COVID-19 Supplemental Paid Sick Leave (SB95)

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

Motion carried by the following voice vote:

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

9. Informational Items

A. Received Basin Management Plan Implementation Update from GM Lockwood
B. Received Progress Report on the Basin Management Plan – Groundwater Sustainability Update 2022 from Ellen Cross, Strategy Driver and Cameron Tana, Montgomery & Associates
C. Received Update on the Recharge Net Metering Pilot Program from Dr. Andy Fisher, UCSC and Erin McCarthy, RCD, Santa Cruz County

10. Discussion and/or Action Items

A. Consider Public Hearing on Preliminary Budget, Fiscal Year 2021-2022
GM Lockwood gave a breakdown of the revenue and expenditures for the upcoming Preliminary Budget for Fiscal Year 2021-2022. Preliminary Budget will be brought to the June 16, 2020 Board meeting for final approval.

No public comments received.

11. Monthly Reports/Presentations

A. Facility Operations Report
   1. Received 2021 Supplemental Water Production Monthly Summary Report
B. Board Committee Reports available at www.pvwater.org
C. Public Outreach Update

12. Future Meetings

A. Project & Facility Operations Committee, Wednesday, May 26, 2021, 3:00 p.m. Teleconference

B. Flood Control and Water Conservation District, Zone 7, Tuesday, June 8, 2021, 10:45 a.m. Teleconference
C. Administrative/Finance Committee, Tuesday, June 8, 2021, 3:00 p.m., Teleconference
D. Ad Hoc Sustainable Groundwater Committee, Thursday, June 10, 2021, 2:00 p.m.
E. Board of Directors, Wednesday, June 16 , 2021 ,7:00 p.m., Teleconference
F. Project & Facility Operations Committee, Wednesday, June 30 , 2021, 3:00 p.m., Teleconference

Adjourned at 8:33 p.m.

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

PAJARO VALLEY WATER MANAGEMENT AGENCY
Account Activity Report per Bank Statement

	Date	Deposits	Withdrawals	Balance
CLEARING ACCOUNT - Rabobank				
Beginning Balance	4/1/2021			$247,657
Cash Receipts				
Disbursements			666,916	
Transfers		791,043		
Bank Fees				
Ending Balance	4/30/2021			$371,784
GENERAL FUND10-MMA RABOBANK				
Beginning Balance	4/1/2021			$1,033,556
Cash Receipts		24,204		
Transfers			5,390	
Interest Earned		34		
Bank Fees				
Ending Balance	4/30/2021			$1,052,403
GENERAL FUND 10 - LAIF				
Beginning Balance	4/1/2021			$2,182,820
Transfers				
Interest Earned		2,385		
Ending Balance	4/30/2021			$2,185,204
GENERAL FUND 20 - LAIF				
Beginning Balance	4/1/2021			$8,015,370
Transfers				
Interest Earned		8,757		
Ending Balance	4/30/2021			$8,024,127
SPECIAL REVENUE FUND 20-Operating RABOBANK				
Beginning Balance	4/1/2021			$12,665
Cash Receipts		4,053,946		
Transfers			3,085,653	
Disbursments/ACH-Wire				
Bank Fees			1,331	
Interest Earned				
Ending Balance	4/30/2021			$979,627
SPECIAL REVENUE Fund 20 Cash Mgmt-FUND20MMN RABOBANK				
Beginning Balance	4/1/2021			$3,437,207
Transfers		2,300,000		
Bank Fees				
Interest Earned		168		
Ending Balance	4/30/2021			$5,737,375
Certificate of Deposit - DWR Loan Reserve Rabobank Fund 40				
Beginning Balance	4/1/2021			$253,981
Interest Earned				
Ending Balance	4/30/2021			$253,981

Prior Month Ending Cash Balance:	Total Deposits:	Total Withdrawals:	Month End Cash Balance:
$15,183,256	$7,180,537	$3,759,290	$18,604,502
Cash Transfers	3,091,043	3,091,043	-
Actual Cash Receipts/Disbursements	4,089,494	668,247	

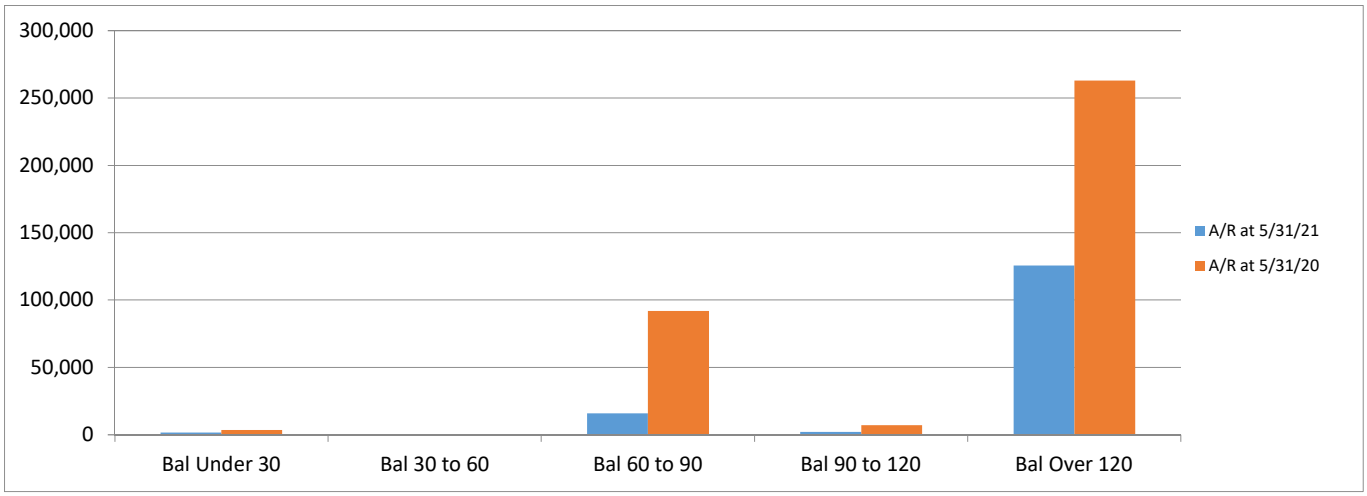
PAJARO VALLEY WATER MANAGEMENT AGENCY
INVESTMENT REPORT
ALL FUNDS
April 30, 2021

Description	Current Yield	Investment	% of Total Portfolio	Weighted Yield
Rabobank Clearing Account	0.00%	**$371,784**	2.00%	0.00%
General Fund 10				
Rabobank General Fund 10 Money Market Account	0.04%	1,052,403	5.66%	0.00%
Local Agency Investment Fund	0.44%	2,185,204	11.75%	0.05%
		$3,237,608		
Special Revenue Fund 20				
Rabobank Special Revenue Fund 20 Operating Account	0.00%	979,628	5.27%	0.00%
Rabobank Special Revenue Fund 20 Money Market Account	0.04%	5,737,375	30.84%	0.01%
Local Agency Investment Fund	0.44%	8,024,127	43.13%	0.19%
		$14,741,130		
Long Term Debt Fund 40				
Rabobank Certificate of Deposit DWR Loan Reserve	0.50%	**$253,981**	1.37%	0.01%
	Total:	**$18,604,502**	**100.0%**	

Total Funds Reserved (DWR Fund 40)	253,981
Total Funds Invested	16,999,110
Total Funds Non-interest Bearing	1,351,411
Total Funds	**$18,604,502**
Total Available Funds	18,350,521
Cash Reserve Policy Requirements (PV Water)	5,500,000
Surplus (Deficit) of Funds	**$12,850,521**

PV Water
Accounts Receivable Aging 3 Month Trend
As of 5/31/2021

	Balance Forward	Bal Under 30	Bal 30 to 60	Bal 60 to 90	Bal 90 to 120	Bal Over 120
Accounts Receivable before credits	145,812	1,869	0	16,038	2,217	125,688
Credits	(9,060)					
Total Accounts Receivable at 5/31/21	136,752					
Accounts Receivable before credits	365,950	3,592	0	92,149	7,200	263,009
Credits	(15,886)					
Total Accounts Receivable at 5/31/20	350,064					
Accounts Receivable before credits	365,614	0	176,183	3,595	89	185,747
Credits	(8,537)					
Total Accounts Receivable at 4/30/21	357,077					
Accounts Receivable before credits	1,509,315	1,309,637	3,708	89	46,232	149,650
Credits	(18,440)					
Total Accounts Receivable at 3/31/21	1,490,875					
Accounts Receivable before credits	304,345	5,260	127	126,924	5,887	166,148
Credits	(11,611)					
Total Accounts Receivable at 2/28/21	292,734					



Accounts Payable

Checks by Date - Detail by Check Date

User: nancy
Printed: 6/1/2021 10:32 AM

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
ACH	A1250	AFLAC- FLEX ONE	05/07/2021	
	EE Deferrals	EE PR Deferrals		592.30
Total for this ACH Check for Vendor A1250:				592.30
ACH	A300	ACWA/JPIA	05/07/2021	
	0667062	Minor Adj June Health Prems		-0.92
	0667062	EE PR Deferrals		29,698.65
Total for this ACH Check for Vendor A300:				29,697.73
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	05/07/2021	
	EE Deferrals	EE PR Deferrals		4,565.00
Total for this ACH Check for Vendor N125:				4,565.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	05/07/2021	
	EE Deferrals	EE PR Deferrals		1,489.75
	EE Deferrals	ER/EE Retirement Contributions		8,696.10
Total for this ACH Check for Vendor P1300:				10,185.85
ACH	P555	PVWMA-Cafeteria Account	05/07/2021	
	EE Deferrals	EE PR Deferrals		1,146.47
Total for this ACH Check for Vendor P555:				1,146.47
36938	A190	ACE HARDWARE OF WATSONVILLE INC	05/07/2021	
	204816/205351	CD's Field Supplies for 4/21		100.13
Total for Check Number 36938:				100.13
36939	A1230	ADP-AUTOMATIC DATA PROCESSING INC.	05/07/2021	
	578479064	Agency Payroll Processing Charges PE for 3/20/21		183.80
	578479082	Agency Payroll Processing Charges PE for 4/03/21		154.10
Total for Check Number 36939:				337.90
36940	T700	Thomas Broz	05/07/2021	
	ReplacemntCkAD	Replacement of ADPCk#12519057-StaleDated		92.35
Total for Check Number 36940:				92.35
36941	W400	CITY OF WATSONVILLE UTILITIES	05/07/2021	
	AC#02389-OFFIC	Office Monthly Utilities for 3/8 to 4/12/21		148.30
Total for Check Number 36941:				148.30
36942	W400	CITY OF WATSONVILLE UTILITIES	05/07/2021	
	#100533/OPERAT	PVWMA Oper. Water Treatment for 1/1 to 3/31/21		352,559.10
Total for Check Number 36942:				352,559.10
36943	G330	GUTIERREZ CONSULTANTS, INC.	05/07/2021	
	1577	SWRCB Prop 1 Phase II Sup. Services for 3/1-3/31/21		4,819.00
	1578	IRWM Drought Grant Support Services for 3/1 to 3/31/21		3,050.00
Total for Check Number 36943:				7,869.00

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
36944	K310	KITTLESON ENVIRONMENTAL CONSULTING	05/07/2021	
	025.26	CL Waterfowl Study for 3/6 to 5/3/21		5,980.48
Total for Check Number 36944:				5,980.48
36945	M2300	McCROMETER, INC.	05/07/2021	
	549706RI	Meter Parts Telemetry Project for 4/21		3,987.48
Total for Check Number 36945:				3,987.48
36946	M900	MERRY MAIDS	05/07/2021	
	4/3 thru 4/24/21	Monthly Office housekeeping for 4/3 to 4/24/21		632.00
Total for Check Number 36946:				632.00
36947	P1160	MIKE PODLECH	05/07/2021	
	2266	CL Fisheries Support Prof. Services for 4/1 to 4/30/21		2,835.00
Total for Check Number 36947:				2,835.00
36948	M1151	MOBILE AUTO GLASS Y MAS	05/07/2021	
	FORD#2	Onsite windshield replace for 4/21		197.00
Total for Check Number 36948:				197.00
36949	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	05/07/2021	
	210406-44	Water Samples Groundwater for 4/6/21		540.00
	210408-48	Water Samples CD's for 4/8/21		709.00
	210408-49	Water Samples Groundwater for 4/8/21		260.00
	210413-64	Water Samples Groundwater for 4/13/21		810.00
	210414-60	Water Samples Groundwater for 4/14/21		810.00
Total for Check Number 36949:				3,129.00
36950	M1650	MONTEREY COUNTY ASSESSOR	05/07/2021	
	252	Disclaimer Assessor Parcel/PVWMA Data Report for 4/21		200.00
Total for Check Number 36950:				200.00
36951	P510	PAJARO VALLEY PRINTING	05/07/2021	
	41887	Invoice Perforated paper or Envelopes for 3/21		632.56
Total for Check Number 36951:				632.56
36952	P629	PASILLAS TIRE SERVICES, INC	05/07/2021	
	38226	Veh. Maint. Tire repair For Veh #11 for 4/30/21		20.00
Total for Check Number 36952:				20.00
36953	P180	PENINSULA MESSENGER LLC	05/07/2021	
	391743	Monthly RaboBank Courier for		110.00
Total for Check Number 36953:				110.00
36954	P800	PG & E	05/07/2021	
	2926809320-9	Service at 36 B Brennan St for 3/24 to 4/22/21		36.57
	2926809320-9	Service at 36 B Brennan St for 3/24 to 4/22/21		109.70
	3771390038-1	Service at Jensen Rd #3 for 3/22 to 4/20/21		27.27
	4291054495-8	Service at 475 San Andreas Rd for 3/23 to 4/21/21		1,424.12
	5290624576-7	Service at 2240 Beach Rd for 3/22 to 4/20/21		18.16
	5916054391-0	Service at 187C San Andreas Rd for 3/23 to 4/21/21		3,567.09
Total for Check Number 36954:				5,182.91
36955	P400	PVI PAJARO VALLEY IRRIGATION, INC.	05/07/2021	
	INV200052419	CD's Field supplies for 4/21		31.83
	INV200052472	AG Conservation Rebate for 4/21		1,594.02
	INV200052487	AG Conservation Rebate for 4/21		97.79

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
	INV200052629	AG Conservation Rebate for 4/21		2,043.09
Total for Check Number 36955:				3,766.73
36956	S830	RESOURCE CONSERVATION SANTA CRUZ COUNTY RC	05/07/2021	
	21-IE-01	2021-Irrigation Efficiency Project Services for 1/1-3/31/21		28,356.68
Total for Check Number 36956:				28,356.68
36957	S1405	SC FUELS INC	05/07/2021	
	0383777	Agency Vehicles Fuel for 4/16 to 4/27/21		326.83
Total for Check Number 36957:				326.83
36958	S1681	SHAMROCK OFFICE SOLUTIONS	05/07/2021	
	525931	Monthly Office Printer for 4/2-5/1/21		106.20
Total for Check Number 36958:				106.20
36959	S1705	SNAP-ON TOOLS INC	05/07/2021	
	04292180867	Field Supplies for 4/29/21		152.40
Total for Check Number 36959:				152.40
36960	C1580	SPECTRUM BUSINESS COMMUNICATIONS	05/07/2021	
	0495564042321	LandLine services for 4/23 to 5/22/21		667.97
Total for Check Number 36960:				667.97
36961	T100	TAYLOR'S OFFICE CITY, INC.	05/07/2021	
	328374-04	Office Supplies Label for 4/29/21		156.28
Total for Check Number 36961:				156.28
36962	T305	TELSTAR INSTRUMENTS, INC.	05/07/2021	
	107498	BW & CPU, & Scada software updgrade for 4/5-4/8/21		5,010.00
Total for Check Number 36962:				5,010.00
36963	T333	THE BANK OF NEW YORK MELLON TRUST CO.	05/07/2021	
	252-2380161	PAJAROVWMA15/Annual Trustee fee for 4/30/21-4/29/22		1,250.00
Total for Check Number 36963:				1,250.00
36964	U185	U.S. BANK EQUIPMENT FINANCE	05/07/2021	
	441019973	RICOH Office Copier for 4/21		207.62
	441312766	RICOH Office Copier (upstairs) for 4/21		92.77
Total for Check Number 36964:				300.39
36965	W074	W.L. JEFSEN COMPANY	05/07/2021	
	45560	CD's Recovery Wells Low Pressure for 4/21		166.84
	45600	CD's for 4/21		50.64
Total for Check Number 36965:				217.48
36966	W362	WATSONVILLE PAJARONIAN	05/07/2021	
	22787	Public Hearing/Agency Budget FY 21-22 for 4/21		82.08
Total for Check Number 36966:				82.08
36967	Z100	ZAG TECHNICAL SERVICES, INC.	05/07/2021	
	114921	IT-Agreement Support 8x5 for 4/21		97.50
Total for Check Number 36967:				97.50
Total for 5/7/2021:				470,691.10
ACH	T359	THE STANDARD INSURANCE COMPANY	05/10/2021	

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
	00-649299-0087	Long Term Disability Benefits		528.79
Total for this ACH Check for Vendor T359:				528.79
Total for 5/10/2021:				528.79
36968	S1000	SANTA CRUZ COUNTY FARM BUREAU	05/11/2021	
	TICKETS	5 National Tickets AG day spring Luncheon for 5/21		250.00
Total for Check Number 36968:				250.00
Total for 5/11/2021:				250.00
36969	N175	NATIONAL NOTARY ASSOCIATION	05/18/2021	
	NOTARY FEE	Laura's Notary fee for 5/21		40.00
Total for Check Number 36969:				40.00
36970	W378	WATSONVILLE FORD	05/18/2021	
	CONTROL#3659	2021 Fort Ranger Vehicle purchase for 5/21		34,055.53
Total for Check Number 36970:				34,055.53
Total for 5/18/2021:				34,095.53
36971	A1005	A.L. LEASE CO. WHOLE SALE PLUMBING SUPPLIES	05/20/2021	
	136988	Field supplies Turnout #10 for 5/21		55.06
Total for Check Number 36971:				55.06
36972	A610	ACFE/ASSOCIATION OF CERTIFIED FRAUD	05/20/2021	
	21591267	CPE Compliance Re-cert. Membership for 6/1/21-5/31/22		235.00
Total for Check Number 36972:				235.00
36973	A775	ART AND SPORTS	05/20/2021	
	1623	Logo Decals for New Ranger for 5/21		284.05
Total for Check Number 36973:				284.05
36974	A910	ATCHINSON,BARISONE,CONDOTTI	05/20/2021	
	33706	Professional Services CL Matters for 4/1-4/30/21		6,385.66
	33707	Professional Services General Matters for 4/1-4/30/21		4,995.12
Total for Check Number 36974:				11,380.78
36975	A850	AVAYA FINANCIAL SERVICES.	05/20/2021	
	37699395	Phone/VM Lease Agreement for 4/1-5/1/21		388.24
Total for Check Number 36975:				388.24
36976	B195	BALANCE HYDROLOGICS, INC	05/20/2021	
	220177-0421	Annual Data WY20 report writting Thru 4/17/21		11,105.00
	221177-0421	Data post-processing& rating curves/archiving thru 4/17/21		1,460.00
Total for Check Number 36976:				12,565.00
36977	B102	BARTKIEWICZ, KRONICK & SHANAHAN INC	05/20/2021	
	8812-0005& 0006	Legal Prof. Service Watsonvielle Slough WSR for 4/21		1,457.10
	8812-0005& 0006	Legal Professional Services CL. Project for 4/21		1,667.50
Total for Check Number 36977:				3,124.60
36978	C960	CARDIFF PEST CONTROL INC	05/20/2021	
	0117858	Pest control Office Monthly fumigation for 5/21		73.34
	0117858	Pest control Office Monthly fumigation for 5/21		36.66

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
Total for Check Number 36978:				110.00
36979	R40	CARDMEMBER SERVICE	05/20/2021	
	APR2021	CD's field supplies valve parts for 4/21		271.46
	APR2021	Conference registration fee for 4/21		375.00
	APR2021	Admin meeting for 4/21		169.52
	APR2021	Office logme in for 4/21		24.28
	APR2021	Late fees and Interest charge for 4/21		36.13
	APR2021	WIndshield Window repair for 4/21		192.00
	APR2021	EB Watret education (director) for 4/21		249.00
	APR2021	Office supplies for 4/21		295.72
Total for Check Number 36979:				1,613.11
36980	C103	CBEC ECO ENGINEERING INC	05/20/2021	
	17-1003-5-5	CL/PS.Hydrologic Monitoring Yr.'21 for 4/ 1/ to 4/30/21		7,311.45
Total for Check Number 36980:				7,311.45
36981	W400	CITY OF WATSONVILLE UTILITIES	05/20/2021	
	AC#02389-OFFIC	Office Monthly Utilities for 4/12 to 5/11/21		153.42
Total for Check Number 36981:				153.42
36982	G170	GRAINGER	05/20/2021	
	9877094277	field supplies for CD's & Meters for 4/21		1,597.42
Total for Check Number 36982:				1,597.42
36983	G190	GREEN RUBBER KENNEDY AG. INC.	05/20/2021	
	W-558075	Turnout parts to remove CLA Valves for 4/21		50.73
Total for Check Number 36983:				50.73
36984	M1872	MICROSOFT	05/20/2021	
	E0400EH82Z	IT-Online Hydrology 365 Support for 4/17-5/16/21		12.50
Total for Check Number 36984:				12.50
36985	M1875	MICROSOFT AZURE	05/20/2021	
	E0600EISQP	IT-Support Pay as You go for 3/12 to 4/11/21		15.00
Total for Check Number 36985:				15.00
36986	M1086	MILLER MAXFIELD, INC.	05/20/2021	
	0421PV	Pvwater April Awardness pre-production for 4/21		4,506.25
Total for Check Number 36986:				4,506.25
36987	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	05/20/2021	
	210416-19	Water Samples Groundwater for 4/16/21		360.00
	210421-22	GroundWater Samples for 4/21/21		310.00
	210422-33	SurfaceWater Samples for 4/22/21		1,030.00
	210422-34	SurfaceWater Samples for 4/22/21		345.00
	210422-35	Water Samples Groundwater for 4/22/21		180.00
	210423-10	SurfaceWater Samples for 4/23/21		1,330.00
	210423-12	Water Samples Groundwater for 4/23/21		90.00
Total for Check Number 36987:				3,645.00
36988	M1425	MONTEREY BAY PROFESSIONAL LANDSCAPE INC	05/20/2021	
	36091	Building Mo. Landscape Maint. For 5/11 & 5/18/21		196.00
Total for Check Number 36988:				196.00
36989	m1865	MONTGOMERY & ASSOCIATES	05/20/2021	
	9090-21-3	Professional Services for 3/1 to 3/31/21		54,777.75

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
Total for Check Number 36989:				54,777.75
36990	N255	NHA ADVISORS	05/20/2021	
	00491	Communication & Meetings for 10/6 thru 3/18/21		3,406.25
Total for Check Number 36990:				3,406.25
36991	P800	PG & E	05/20/2021	
	1787734656-3	Service at 1859 Beach rd for 4/12 to 5/10/21		14,166.92
	9214983032-2	Service at 1931 Beach rd for 4/12 to 5/10/21		7,230.38
	9218085363-9	Service at 162 San Andreas Rd for 4/12 to 5/12/21		228.59
	9968544374-1	Service at 36 Brennan St for 4/12 to 5/10/21		362.20
	9968544374-1	Service at 36 Brennan St for 4/12 to 5/10/21		120.73
Total for Check Number 36991:				22,108.82
36992	R50	RAIN FOR RENT INC	05/20/2021	
	1607132	CD's 2nd Portable Booster Unit for 5/21		42,603.20
Total for Check Number 36992:				42,603.20
36993	S1405	SC FUELS INC	05/20/2021	
	0390777	Agency Vehicles Fuel for 5/3 to 5/13/21		454.29
Total for Check Number 36993:				454.29
36994	S2940	SMITH & ASSOCIATES, INC	05/20/2021	
	D207960A	13 Real Properties appraisels for 4/21		22,000.00
Total for Check Number 36994:				22,000.00
36995	S2201	SPRINGBROOK HOLDING CO. LLC	05/20/2021	
	INV-005945	Utility billing Maint./Finance for 7/21 to 6/30/22		18,271.05
Total for Check Number 36995:				18,271.05
36996	S2400	STAPLES CREDIT PLAN	05/20/2021	
	9222	Field Supplies for 5/21		227.23
Total for Check Number 36996:				227.23
36997	S2865	SWCA ENVIRONMENTAL CONSULT. INC.	05/20/2021	
	126490	Nesting bird survey for telemetry Grant for 4/21		604.00
Total for Check Number 36997:				604.00
36998	T225	T.M. IRRIGATION SPECIALTIES INC	05/20/2021	
	18814	Turn out parts for low PSI drain for 4/21		130.16
Total for Check Number 36998:				130.16
36999	T305	TELSTAR INSTRUMENTS, INC.	05/20/2021	
	107722	SCADA software Troubleshooting for 4/28-4/29/21		320.00
Total for Check Number 36999:				320.00
37000	D310	UNITED STATES GEOLOGICAL SURVEY	05/20/2021	
	90898014	Study PV Hydrologic Model & Data collection for 10/1- 12/31/20		50,347.00
Total for Check Number 37000:				57,487.00
37001	V369	VERIZON WIRELESS	05/20/2021	
	9878759454	Agency Personnel Cell Phones & equipt. for 4/2 - 5/1/21		440.06
Total for Check Number 37001:				440.06
37002	W80	WAGEWORKS INC.	05/20/2021	
	INV2783601	Mo. Admin & Compliance fee for 4/21		110.00

Check No	Vendor No / Invoice No	Vendo / Descri	Check Date / Reference	Check
Total for Check Number 37002:				110.00
37003	Z100	ZAG TECHNICAL SERVICES, INC.	05/20/2021	
	115031	IT-Agreement Patching & AV Managed for 5/21		1,306.50
	115049	IT-Agreement Support 8x5 for 5/21		390.00
	115073	IT-Monthly Subscription Agreement-Datto for 5/21		815.00
	115228	IT-Monthly Subscription MS-CSP for 5/21		176.00
	115283	IT-Agreement Support 8x5 for 5/21		97.50
Total for Check Number 37003:				2,785.00
Total for 5/20/2021:				272,968.42
ACH	A1250	AFLAC- FLEX ONE	05/21/2021	
	EE Deferrals	EE PR Deferrals		592.30
Total for this ACH Check for Vendor A1250:				592.30
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	05/21/2021	
	EE Deferrals	EE PR Deferrals		4,565.00
Total for this ACH Check for Vendor N125:				4,565.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	05/21/2021	
	EE Deferrals	EE PR Deferrals		1,489.74
	EE Deferrals	ER/EE Retirement Contributions		8,842.49
Total for this ACH Check for Vendor P1300:				10,332.23
ACH	P555	PVWMA-Cafeteria Account	05/21/2021	
	EE Deferrals	EE PR Deferrals		1,146.47
Total for this ACH Check for Vendor P555:				1,146.47
Total for 5/21/2021:				16,636.00
		Report Total (76 checks):		795,169.84

MEMORANDUM

DATE: June 10, 2021
MEETING OF: June 16, 2021
TO: Board of Directors
FROM: General Manager
RE: **CONSENT ITEM 9C:** Approve Resolution 2021-09, Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees)

BACKGROUND

When the Pajaro Valley Water Management Agency (PV Water) was established in 1984, the primary source of income was an assessment on parcels within its jurisdiction called the "Management Fee." The Management Fee is assessed annually, at a rate of $18 per residential parcel and $20 per commercial parcel, and is collected via the tax rolls of Santa Cruz, Monterey, and San Benito counties.

The counties collect the Management Fee on behalf of the PV Water through a special levy. To enable this collection, PV Water must prepare and submit to the counties by August 1 of each year listings of the parcel charges along with a formal request to place these billings on the tax rolls. Resolution 2021-09 constitutes this request.

FISCAL IMPACT

Santa Cruz County charges 1.00% for administrative costs, approximately $3,000. Monterey County charges 0.25%, approximately $160.00. San Benito County charges $0.30 per parcel, or approximately $176. These charges are anticipated in the Fiscal Year 2021-2022 budget.

STAFF RECOMMENDATION

The Board approve Resolution 2021-09, Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees).

ATTACHMENT

- Resolution 2021-09 with Exhibit "A"

Resolution 2021-09

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

Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees)

WHEREAS, the initial major source of income for the Pajaro Valley Water Management Agency ("PV Water," or "Public Agency") as established in 1984 has been a Management Fee assessed to each parcel within PV Water's jurisdiction, which for 2021-2022 will be at the rate of $18 per residential and $20 per commercial parcel; and

WHEREAS, such charges as assessed by PV Water are authorized in Article 9 of PV Water's enabling legislation and have been processed by the counties of Santa Cruz, Monterey and San Benito since inception; and

WHEREAS, PV Water requests that the Public Agency's Management Fee be placed on the Monterey County, San Benito County and Santa Cruz County 2021-2022 tax rolls for collection and distribution.

NOW, THEREFORE, BE IT RESOLVED, as follows:

1. The Public Agency hereby certifies that it has, without limitation, complied with all legal procedures and requirements necessary for the levying and imposition of the general and special taxes, assessments, or property-related fees or charges identified in Exhibit "A", regardless of whether those procedures and requirements are set forth in the Constitution of the State of California, in State statutes, or in the applicable decisional law of the State of California.

2. The Public Agency further certifies that, except for the sole negligence or misconduct of the Counties of Monterey, San Benito, and Santa Cruz, their officers, employees, and agents with regards to the handling of the CD or electronic file identified as Exhibit 'A', the Public Agency shall be solely liable and responsible for defending, at its sole expense, cost and risk, each and every action, suit or other proceeding brought against the Counties of Monterey, San Benito, and Santa Cruz, their officers, employees, and agents for every claim, demand, or challenge to the levying or imposition of the general and special taxes, assessments, or property-related fees or charges identified in Exhibit "A", and that it shall pay or satisfy any judgment rendered against the Counties of Monterey, San Benito, and Santa Cruz, their officers, employees and agents on every such action, suit or other proceeding, including all claims for refunds and interest thereon, legal fees and court costs, and administrative expenses of the Counties of Monterey, San Benito, and Santa Cruz to correct the tax rolls.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the **16th** day of **June**, **2021**, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Amy Newell, Chair

Attest:

_____
Laura R. Taay, Board Secretary

Exhibit "A" to
Resolution 2021-09
A Resolution of the Board of Directors of the
Pajaro Valley Water Management Agency

Certifying Compliance with State Law with Respect to the Levying of General and Special Taxes, Assessments and Property-Related Fees and Charges

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Fiscal Year 2021-2022

General Taxes:	None
Special Taxes:	None
Assessments:	None
Property Related Fees or Charges:	Management Fee: $18 per residential parcel and $20 per commercial parcel

MEMORANDUM

DATE:	June 10, 2021
MEETING OF:	June 16, 2021
TO:	Board of Directors
FROM:	General Manager
RE:	**CONSENT AGENDA ITEM 9D:** Approve Resolution 2021-10, Updating the Cash Reserve Policy for Fiscal Year 2021-2022

BACKGROUND

In July 2013, the Board adopted *Resolution 2013-05, Adopting a Cash Reserve Policy.* It was recommended at the time that reserves be built gradually as funds become available, while maintaining an appropriate level of services for Agency functions such as operations, basin management and monitoring, and administration.

Establishment of formal policies to ensure appropriate financial margins for operations, maintenance, and debt service needs is identified by analysts as a management practice that constitutes a positive credit factor. The Cash Reserve Policy states that it will be reviewed annually at budget time to evaluate if funding levels are sufficient and prudent. On June 8, 2021, the Administration & Finance Committee reviewed the Cash Reserve Policy and voted to recommend that the Board approve the aggregate total of $5.79 million of reserves.

FISCAL IMPACT

This action will categorize funds as reserved for the purposes identified.

STAFF RECOMMENDATION

The Board approve Resolution 2021-10, Updating the Cash Reserve Policy for Fiscal Year 2021-2022.

ATTACHMENTS

- Resolution 2021-10, Updating the Cash Reserve Policy for Fiscal Year 2021-2022

Resolution 2021-10

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

Updating the Cash Reserve Policy for Fiscal Year 2021-2022

The Board of Directors of the Pajaro Valley Water Management Agency (PV Water) does resolve as follows:

WHEREAS, the Board of Directors has determined that it is prudent to formally articulate a Cash Reserve Policy establishing general guidelines on cash reserves that will help to ensure the Agency's long-term financial and operational stability; and

WHEREAS, the Cash Reserve Policy was adopted in 2013, establishing minimal reserves with the intention of building over time; and

WHEREAS, the Cash Reserve Policy was reviewed and updated annually through Fiscal Year 2021-2022; and

WHEREAS, the Cash Reserve Policy serves as an important management decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on PV Water's finances.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pajaro Valley Water Management Agency does hereby update the Cash Reserve Policy, attached to this Resolution as Exhibit A and incorporated herein.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the **16th** day of **June 2021** by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Amy Newell, Chair

Attest:

_____
Laura R. Taay, Board Secretary

Pajaro Valley Water Management Agency
Cash Reserve Policy

Introduction

The Pajaro Valley Water Management Agency (PV Water or the Agency) Cash Reserve Policy establishes general guidelines on cash reserves that will help to ensure the Agency's long-term financial and operational stability. In this capacity, the Cash Reserve Policy articulates a comprehensive set of reserves that seek to mitigate operational, capital, and debt service risks PV Water may encounter.

The Cash Reserve Policy is established in the context of PV Water's current and expected capital improvement program and borrowings associated with the Basin Management Plan (BMP). Since reserve targets are based on certain assumptions and estimated costs and risks for PV Water, the Cash Reserve Policy and established reserve levels will be reviewed annually or more often if there is a material change in the risk exposures to PV Water. It is noted that the Cash Reserve Policy is established to provide general guidelines for fiscally responsible cash management. The Cash Reserve Policy is not intended to set strict limits that must be adhered to in a vacuum, nor is it intended to be all-inclusive in the sense that there remain a variety of factors outside the purview of the policy that could materially impact PV Water's financial condition. Certain risks and risk probabilities have been considered to be sufficiently remote or to require a scale of reserves that would be prohibitive as compared to the probability of such an outcome, and this policy does not purport to address such risks. Instead, these guidelines are intended to serve as a management decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.

Categories of Cash Reserves

The Cash Reserve Policy recommends the creation of four separate reserve funds:

- Operation & Maintenance Reserve
- Repair & Replacement Reserve
- Debt Service Reserve
- Rate Stabilization Reserve

Summary of Recommended Reserve Levels

Reserve Category	Recommended Reserve
Operation & Maintenance Reserve	**Start at 30 days of expenditures and build to 180 days**
Repair & Replacement Reserve	**Start at 10% Annual Depreciation and build to 25%**
Debt Service Reserve	**20% for Debt Service obligation that do not have their own reserve**
Rate Stabilization Reserve	**As determined by the Board and management**

Each reserve is summarized below with an explanation as to the methodology that was used to size each reserve.

Operation & Maintenance Reserve

Purpose

The purpose of the Operation & Maintenance Reserve is to provide greater stability in annual operations even under unforeseen and changing circumstances as relates to both revenues and expenses. Utilities such as PV Water are subject to a broad array of risks, including but not limited to natural events such as earthquakes and climate change, which may vary from small, temporary disruptions of business to substantial disruptions. The intent of the Cash Reserve Policy is to set an overall reserve level that is reasonable, defensible and consistent with the aggregate risk profile that PV Water faces in effectively managing water supplies in the Pajaro Valley. Considering climate change resiliency is an important aspect of this effort.

Methodology

Many water utilities, which generally operate on a monthly billing cycle, maintain operating reserves at a level of 60 to 180 days of operating expenses. Typically, it is utilities in the most stable operating environments that are able to manage with reserves on the smaller end of this range, while many agencies with significant annual volatility in revenues or expenditures or those undergoing significant expansion have substantially larger operating reserves.

Operation & Maintenance Reserve Policy

PV Water will maintain an Operation & Maintenance Reserve equal to 180 days of operating expenses. See Exhibit A.

Repair & Replacement Reserve

Purpose

PV Water's BMP is made up of projects that will increase water supply to the Pajaro Valley and significantly expand PV Water's existing infrastructure. The purpose of the Repair & Replacement Reserve is to fund the unplanned repair or replacement of capital assets and to allow PV Water to absorb fluctuations in the capital plan without an immediate rate impact to customers.

Methodology

Given the significant capital improvements in which the Agency has invested over the past couple of decades and the sizeable capital plans associated with implementation of the BMP, the Repair & Replacement Reserve ensures the availability of funds to respond to unexpected needs.

Repair and Replacement Reserve Policy

PV Water will maintain a 25% Annual Depreciation reserve. See Exhibit A.

Debt Service Reserve

Purpose

The purpose of the Debt Service Reserve is to provide PV Water with funds dedicated to paying the Agency's debt service obligations in the event of a significant, unexpected decrease in operating revenue during which operating funds may be insufficient to meet such obligations.

Methodology

Typical municipal bond covenants require the establishment of a debt service reserve fund in an amount equal to maximum or average annual debt service on the bonds. Such a requirement exists in connection with the Agency's Department of Water Resources promissory note. It would be prudent for PV Water to also set aside reserves in connection with its other debt as these loans are significant.

Debt Service Reserve Policy

PV Water maintains a debt service reserve funded at a level equal to 20% for Debt Service obligations that do not have their own reserve (see Exhibit A).

Rate Stabilization Fund

Purpose

The Rate Stabilization Fund is established to provide short-term rate stability in case of an unexpected drop in revenue or increase in expenses. Among other things, the rate stabilization reserve affords PV Water with added flexibility in meeting its financial covenants to bondholders in the event of a financial shock to the Agency resulting from disaster or unforeseen financial circumstances.

Methodology

Unlike other reserves, the rate stabilization reserve is typically not a percentage or ratio, but rather a fixed amount. The funding of such a reserve is highly dependent upon the expected variability in PV Water's revenue stream, budgeted expenditures, political matters, legal matters and the level of total annual debt service, among other factors.

Rate Stabilization Fund Policy

PV Water maintains a rate stabilization fund reserve as determined by management and the board. (see Exhibit A).

Annual Review Process

PV Water reviews and evaluates reserve funding levels annually. Since reserve targets are based on certain estimates, assumptions, and risk probabilities, the Cash Reserve Policy will be revisited more frequently if there is a change in PV Water's operations, capital program, or debt service obligations that warrant review of these policies.

Pajaro Valley Water Management Agency
Cash Reserve Policy
Exhibit "A"
June 2021 Update

Operation & Maintenance Reserve	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Projected Operating Expenditures ($MM)	6.81	6.55	7.19	7.29	7.43	8.04
Projected Reserve Amount ($KK)	2,837.00	3,274.13	3,597.27	3,644.46	3,713.93	4,017.71

Repair & Replacement Reserve	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Projected Annual Depreciation ($MM)	2.42	2.52	2.53	2.60	2.65	2.59
Projected Reserve Amount ($KK)	625.00	629.79	631.67	649.67	661.58	647.88

Debt Service Reserve	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Projected Debt Service Payments ($MM)	3.55	3.36	3.36	3.36	3.36	3.36
Restricted Funds for Debt Covenants ($KK)	251.88	253.49	253.62	253.75	253.85	253.94
Projected Reserve Amount ($KK)	661.00	621.28	620.38	620.95	621.53	620.29

Rate Stabilization	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Projected Reserve Amount ($KK)	500.00	500.00	500.00	500.00	500.00	500.00

Total Cash Reserve ($MM)	**4.62**	**5.03**	**5.35**	**5.42**	**5.50**	**5.79**

MEMORANDUM

DATE: June 11, 2021
MEETING OF: June 16, 2021
TO: Board of Directors
FROM: General Manager
RE: **CONSENT AGENDA ITEM 9E:** Approve Agreement with ZAG Technical Services, Inc., for Informational Technology Professional Support Services from July 1, 2021 through June 30, 2023 in an amount not to exceed $100,000

DISCUSSION

Information Technology (IT) is the backbone of the Pajaro Valley Water Management Agency (Agency). IT is responsible for creating, editing, storing, backing up, and protecting data, at the same time as making it as close to 100% reliable as possible. Maintaining a secure, efficient, and reliable IT program is of the utmost importance to Agency operations. Included in the program are the Agency's firewalls, servers, computers, remote connections, etc. ZAG Technical Services (ZAG) has been providing support to keep the Agency's IT systems running securely and efficiently since about 2004.

ZAG server engineers and desktop technicians have successfully provided a wide range of services to the Agency over the past seventeen years. In 2017, in close coordination with staff, ZAG completed the initial phase of the IT Modernization Initiative, which included implementing an improved, cloud-based backup system, deployment of a new hyper-v server, and migration to Microsoft Office 365. IT systems have been running more efficiently and securely as a result of the Modernization Initiative. More recently, staff worked with ZAG to create a separate network for the SCADA system, an effort implemented concomitantly with a SCADA software upgrade. ZAG supported a recent Springbrook software upgrade that occurred without any significant issues. These "special projects" are in addition to the day to day needs of the Agency, which include monitoring and patching computers and servers, maintain Office 365 accounts, monitoring the Agency's Firewall and conducting regular security tests. The 24/7 service provided by ZAG has been exceptional.

The Administration and Finance Committee reviewed and discussed this item on June 8, 2021. The Committee voted in favor of recommending the approval to the Board.

FISCAL IMPACT

Staff anticipated expenditures would not exceed $100,000 through June 30, 2023.

STAFF RECOMMENDATION

That the Board approve the agreement with ZAG Technical Services, Inc., in substantially the same form as the one attached, for Information Technology professional support services from July 1, 2021 through June 30, 2023, in an amount not to exceed $100,000 as recommended by the Administration and Finance Committee on June 8, 2021.

ATTACHMENT

- Agreement with ZAG Technical Services, Inc.

PAJARO VALLEY WATER MANAGEMENT AGENCY
36 Brennan Street
Watsonville, CA 95076
Tel (831) 722-9292 Fax (831) 722-3139

CONSULTANT AGREEMENT

To:	**ZAG Technical Services, Inc.**	**Date**:	**June 02, 2021**
	645 River Oaks Parkway		
	San Jose, CA 95134		
Tel:	**408-383-2000**		
Fax:			

Contract Amount:	**$100,000**	**Start Date:**	**July 1, 2021**	**End Date:**	**June 30, 2023**

Accepted:	**Pajaro Valley Water Management Agency**	**Consultant:**	**ZAG Technical Services, Inc.**
		FEIN:	**77-0492384**
By:		**By:**	
	Brian Lockwood,		**Greg Gatzke**
Title	**General Manager**	**Title**	**Chief Executive Officer**
	Other authorized representative(s):		**Other authorized representative(s):**

CONSULTANT AGREEMENT

This Agreement is entered into and effective this **1st** day of **July 2021**, by and between the Pajaro Valley Water Management Agency ("PV Water"), and ZAG Technical Services, Inc. ("Consultant") referred to herein individually as a "Party" and collectively as "the Parties."

WHEREAS, PV Water desires to retain Consultant to provide various computer and server managed services and support including, but not limited to, network monitoring, anti-virus management, systems administrations and onsite project work, as further described in Addendum "A" and attached hereto and made a part hereof ("Project"); and,

WHEREAS, Consultant represents that it has the expertise, means, and ability to perform said duties as outlined within its proposal received by PV Water on June 02, 2021 (Addendum A);

NOW, THEREFORE, in consideration of each other's mutual promises, the Parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate on June 30, 2023 unless terminated sooner pursuant to the terms of this Agreement. The Parties' authorized representatives (defined below) shall have the authority to extend this term by written amendment to this Agreement.

2. Work. Consultant will furnish services as defined and described in the proposal attached hereto as Addendum A, and incorporated herein. All work performed by Consultant, or under Consultant's direction, shall be rendered in accordance with the generally accepted practices, and to the standards of, Consultant's profession. Consultant represents and warrants that Consultant: (i) is fully experienced and properly qualified to perform the class of work and service provided for herein, (ii) has the financial capability required for the performance of the work and services, and (iii) is properly equipped and organized to perform the work and services in a competent, timely, and proper manner, in accordance with the requirements of this Agreement.

   2.1 Change in Work. Any change in the scope of the professional services to be done, method of performance, nature of materials or price thereof, or to any other matter materially affecting the performance or nature of the professional services will not be paid for or accepted unless such change, addition or deletion be approved in advance, in writing by a supplemental agreement by the Parties. PV Water may order changes in the scope or character of services in writing, including decreasing the amount of Consultant's services described herein. In the event that the work is decreased, Consultant is entitled to full compensation for services performed and expenses incurred prior to the receipt of notice of change pursuant to Section 4 of this Agreement.

3. Authorized Representatives. The authorized representatives shall be individuals with the necessary authority to direct technical and professional work within the scope of this

Agreement and shall serve as the principal point of contact for the Project for each respective party.

3.1 PV Water. PV Water designates the following individual(s) as PV Water's authorized representative(s): Brian Lockwood. Only PV Water's authorized representative(s) is authorized to approve changes to this Agreement on behalf of PV Water.

3.2 Consultant. Consultant designates the following individual(s) as Consultant's authorized representative(s): _____. Only Consultant's authorized representative(s) is authorized to approve changes to this Agreement on behalf of Consultant.

4. Compensation. PV Water will pay Consultant, as full compensation for full performance of the services described in this Agreement, a fee not to exceed **One Hundred Thousand Dollars ($100,000).** The fee for services will be based on the Fee Schedule included in Addendum A of this Agreement.

4.1 Method of Payment. Consultant shall prepare and submit to PV Water detailed weekly invoices for fees and costs incurred in the performance of the services hereunder during the previous billing period. The invoice shall describe the services rendered and shall be based on all labor and direct expense charges made for work performed hereunder. Labor charges shall be in accordance with the Fee Schedule found in Addendum A of this Agreement. PV Water shall pay the amount of each itemized invoice within thirty (30) days after the receipt of the invoice, subject to a finding by PV Water that work performed has been satisfactory and that payment is for the work specified in Addendum A and does not exceed the maximum amount specified above.

4.2 Direct Expenses. Direct expenses are those outside costs and rates identified in Addendum A incurred directly for the work performed and substantiated with invoices for the charges. Consultant will not be reimbursed for any costs or expenses at any rates that exceed the rates set forth in the Fee Schedule found in Addendum A. If Consultant must incur other costs which are not specifically covered by the terms of this Agreement, but which are necessary for the performance of Consultant's duties, PV Water may approve payment for said costs if authorized in writing by PV Water in advance.

5. Independent Contractor. Consultant represents that it has or will secure at its own expense all personnel, materials, and related services required to perform the services under this Agreement. Consultant (and its employees, agents, representatives, and subconsultant(s)), in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of PV Water. Consultant, not PV Water, shall have exclusive and complete control over its employees and subcontractors, and shall determine the method of performing the services hereunder. PV Water, however, retains the right to require that work performed by Consultant meet specific standards consistent with the requirements of this Agreement without regard to the manner and means of accomplishment thereof.

6. Conflict of Interest. Consultant owes PV Water a duty of undivided loyalty in performing the work and services under this Agreement. Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Consultant acknowledges that it is aware of and agrees to comply with the provisions of the Political Reform Act, Section 1090 of the Government Code, and the PV Water conflict of interest code. Consultant will immediately advise Agency counsel if Consultant learns of a conflicting financial interest of Consultant's during the term of this Agreement.

7. Indemnification.

For General Services: To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless PV Water, its directors, officers and employees from and against any and all claims, demands, actions, damages, or expenses, (including attorney's fees and costs) arising from the acts or omissions of Consultant's employees or agents in any way related to the obligations or in the performance of services under this Agreement, except for design professional services as set forth in Civil Code § 2782.8, and except where caused by the sole or active negligence, or willful misconduct of PV Water.

For Design Professional Services under Civil Code §2782.8:
To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless PV Water, its directors, officers and employees from and against any and all claims, demands, actions, damages, or expenses, (including attorney's fees and costs) arising from the negligence, recklessness, or willful misconduct of the Consultant, Consultant's employees or agents in any way related to the obligations or in the performance of design professional services under this Agreement as set forth in Civil Code, except where caused by the sole or active negligence, or willful misconduct of PV Water. The costs to defend charged to the Consultant relating to design professional services shall not exceed the Consultant's proportionate percentage of fault per Civil Code §2782.8.

8. Insurance. Consultant agrees to procure and maintain the insurance coverages and limits as required by PV Water prior to the commencement of work, as specified in Exhibit "B".

9. Sub-consultants. Except as provided in Addendum A of this Agreement, and otherwise with prior written approval of PV Water, Consultant shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement. In the event that Consultant employs sub-consultants, sub-contractors, sub-tier contractors, or any person or entity involved by, for, with, or on behalf of Consultant in the performance or subject matter of this Agreement ("sub-consultant"), it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above. Consultant shall require all sub-consultants to provide a valid certificate of insurance and the required endorsements included in the Agreement prior to commencing any work, and will provide proof of compliance to PV Water. Sub-consultants

are to be bound to Consultant and to PV Water in the same manner and to the same extent as the Consultant is bound to PV Water under this Agreement. Consultant shall be responsible to PV Water for the performance of any and all sub-consultants who perform work under this Agreement and any acts of negligence on their part. Consultant is solely responsible for all payments due to sub-consultants.

10. Compliance with Laws. All activities of Consultant will be carried out in compliance with all applicable federal, state and local laws.

11. Permits. Permits required by governmental authorities will be obtained at Consultant's expense, and Consultant will comply with local, state and federal regulations and statutes including Cal/OSHA requirements.

12. Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its work, Consultant shall at all times, exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed, and be in compliance with all federal, state and local statutory and regulatory requirements including State of California, Division of Industrial Safety (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act (as applicable). Safety precautions as applicable shall include instructions in accident prevention for all employees such as safe walkways, scaffolds, fall protection, ladders, bridges, gang planks, confined space procedures, trenching & shoring, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries.

13. Equal Employment Opportunity. Consultant agrees to refrain from discriminatory employment practices on the basis of race, religious creed, color, sex, national origin, handicap, sexual orientation, disability, ancestry, or other protected characteristics of any employee of, or applicant for employment with, such Consultant.

14. Ownership of Documents and Materials. All original documents, explanations of methods, maps, drawings, tables, reports, models, and other materials and work product (whether in printed or electronic format) prepared or gathered by or on behalf of Consultant under this Agreement that are in Consultant's possession, custody or control and equipment purchased specifically for the Project shall become the exclusive property of PV Water and may be used on this Project without the consent of the Consultant or its sub-consultants. Any software program purchased by Consultant to be used in the performance of this Agreement shall be transferred to PV Water to the extent allowed by the software license under which the program was purchased. All such materials, whether finished or unfinished shall, at PV Water's request, be delivered to PV Water upon completion of contract services or termination of this Agreement for any reason. Consultant agrees that all copyrights which arise from creation of Project-related documents and materials pursuant to this Agreement shall be vested in PV Water and waives and relinquishes all claims to copyright or other intellectual property rights in favor of PV Water.

15. Inspection. Authorized representatives of PV Water shall have access to Consultant offices

or other work location during normal business hours for the purpose of review and inspection of work activities undertaken pursuant to this Agreement. Consultant shall maintain books and accounts of the recoverable costs in accordance with generally accepted accounting principles and practices. PV Water shall have access to these books and accounts during Consultant normal business hours for the duration of this Agreement, and for a period of three (3) years after the completion of the particular services to which the costs relate to the extent required to verify the direct costs (excluding established or standard allowances and rates) incurred pursuant to this Agreement.

16. Termination. PV Water may terminate this Agreement at any time, with or without cause, in its sole discretion, by giving written notice to Consultant at least thirty days (30) prior to such termination. Upon receipt of written notice from PV Water that this Agreement is terminated, Consultant will submit an invoice for an amount that represents the value of services actually performed to the date of said notice for which Consultant has not previously been compensated. In the event of termination without cause, PV Water will pay to Consultant all recoverable costs incurred in the performance of such services in accordance with Section 4 of this Agreement, plus all reasonable costs incurred as a result of such termination, but in no event will PV Water pay termination costs exceeding Five Thousand Dollars ($5,000.00) and PV Water will have no further obligation to Consultant, monetarily or otherwise. In the event termination is for cause, Consultant need be compensated only to the extent required by law.

17. Dispute Resolution. The Parties desire to avoid the cost and delay of litigation. To that end, the parties will attempt in good faith to resolve through negotiation any dispute, claim or controversy arising out of or relating to this Agreement. Either party may initiate negotiations by providing written notice in letter form to the other party, setting forth the subject of the dispute and the relief requested. Promptly upon such notification, the Parties shall meet at a mutually agreeable time and place in order to exchange relevant information and perspective, and to attempt to resolve the dispute. In the event that no resolution is achieved, and if, but only if, the parties mutually agree, then prior to pursuing formal legal action, the parties shall make a good faith effort to resolve the dispute by non-binding mediation or negotiations between representatives with decision-making power, who, to the extent possible, shall not have had substantive involvement in the matters of the dispute. If the dispute is not resolved by these negotiations, the matter will be handled as the parties may agree or, otherwise as allowed by applicable law. Notwithstanding the foregoing provisions, nothing contained in this Agreement shall impair the parties' right to immediately pursue any and all legal remedies which may be available should there be a default in the terms of this Agreement, and a failure to cure said default after notice as required under this Agreement. If required by statute (e.g. applicable statute of limitation) to perfect or preserve a claim, either party may file the required notice of claim and/or commence litigation. To the extent that the Project involves or qualifies as a public works project, the Parties agree to comply with Public Contract Code section 9204(e).

18. Legal Remedies. Either Party shall be entitled to all remedies afforded by law or in equity to enforce their respective rights under this Agreement. No right or remedy in this Agreement are intended to be exclusive of any other right or remedy, but every such right or

remedy shall be cumulative and shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law, in equity or in the Agreement.

19. Right to Acquire Work from Others. Nothing in this Agreement shall prohibit PV Water from acquiring the same type or equivalent type of work or services under this Agreement from other sources.

20. Assignment and Successors. Consultant shall not assign any portion of the work required by this Agreement nor otherwise assign or transfer any interests in it without prior written approval of PV Water, which may be withheld or delayed in PV Water's sole and absolute discretion. This Agreement will be binding on the heirs, legal representatives, successors and assigns of the parties named above.

21. Severability. If any court of competent jurisdiction should rule that any provision of this Agreement is void, invalid or unenforceable, the remaining provisions will remain in full force and effect and will not be affected by said ruling.

22. Amendment. Except as otherwise provided in this Agreement, neither this Agreement nor any provision hereof may be waived, modified, amended, or discharged, or terminated except by an instrument in writing signed by the Parties, and then only to the extent set forth in such writing.

23. Force Majeure. Neither party hereto shall be considered in default in the performance of its obligation hereunder to the extent that the performance of any such obligation, except the payment of money, is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of the affected party, or by a strike, lockout or other labor difficulty, the settlement of which shall be within the sole discretion of the party involved. Each party hereto shall give notice promptly to the other of the nature and extent of any Force Majeure claimed to delay, hinder or prevent performance of the services under this Agreement. In the event either party is prevented or delayed in the performance of its respective obligation by reason of such Force Majeure, there may be an equitable adjustment of the schedule and Consultant compensation.

24. Governing Law and Venue. This Agreement shall be governed and construed in accordance with the laws of the State of California. The Parties hereby agree that: (a) if any action is brought for the purpose of enforcing any provision of this Agreement, including without limitation instituting any action or proceeding to enforce any provision of this Agreement, for damages by reason of any alleged breach of any provision of this Agreement, or a declaration of rights or obligations under this Agreement, or for any other judicial remedy, then such action shall be brought only in the appropriate state or federal court located in Santa Cruz County, California; and (b) a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this section shall affect or impair any Party's right to serve legal process in any manner permitted by law.

25. Notices. Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon either Party in connection with this Agreement shall be in writing. Such notice shall be personally served or sent prepaid by registered or certified mail with return receipt requested, or sent by reputable overnight delivery service, such as Federal Express, and shall be deemed given: (a) if personally served, when delivered to the Party to whom such notice is addressed; (b) if given by prepaid or certified mail with return receipt requested, on the date of execution of the return receipt; or (c) if sent by reputable overnight delivery service, such as Federal Express, when received. Such notices shall be addressed to the Party to whom such notice is to be given at the Party's address set forth below or as such party shall otherwise direct in writing to the other Party delivered or sent in accordance with this Section.

If to PV Water:

Pajaro Valley Water Management Agency
Attention: Brian Lockwood, General Manager
36 Brennan Street
Watsonville, CA 95076
Telephone: (831) 722-9292

If to Consultant:

ZAG Technical Services, Inc.
Attention: Greg Gatzke, Chief Executive Officer
645 River Oaks Parkway
San Jose, CA 95134

_____

26. Cumulative Rights; Waiver. The rights created under this Agreement or by law or equity, shall be cumulative and may be exercised at any time and from time to time. No failure by either Party to exercise, and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by either Party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing, and any waiver by either Party of any breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of either Party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered or construed or deemed a waiver of any provision or any breach of any provision of this Agreement or deprive that Party of the right thereafter to insist upon strict adherence to that term or provision or any other term or provision of this Agreement. No delay or omission on the part of either Party in exercising any right under this Agreement shall operate as a waiver of any such right or any other right under this Agreement.

27. Interpretation. This Agreement constitutes a fully negotiated agreement between commercially sophisticated Parties, each assisted by legal counsel, and the terms of this

Agreement shall not be construed or interpreted for or against either party hereto because that Party or its legal representative drafted or prepared such provision.

28. Severability. If any provision of this Agreement is invalid, illegal or unenforceable, such provision shall be deemed to be served or deleted from this Agreement and the balance of this Agreement shall remain in full force and effect notwithstanding such invalidity, illegality or unenforceability.

29. Counterparts. This Agreement may be executed in counterparts, which, together, shall constitute one and the same instrument. Electronic, facsimile and scanned pdf signatures and copies of this Agreement shall be accepted as originals.

30. Time. Time is of the essence for each provision of this Agreement.

31. Further Assurances. The Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required to carry out the provisions of this Agreement and the intentions of the Parties.

32. Good Faith and Fair Dealing. The Parties hereto acknowledge and agree that the performances required by the provisions of this Agreement shall be undertaken in good faith, and with both parties dealing fairly with each other.

33. No Third Party Beneficiaries. This Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, Limited Liability Company or other form of organization or association of any kind that is not a party to this Agreement.

34. Entire Agreement. This Agreement, together with Addendums, Exhibits and/or attachments and any agreements provided for herein, constitute the entire understanding between the Parties with respect to the matters set forth herein, and they supersede all prior or contemporaneous understandings or agreements between the Parties with respect to the subject matter hereof, whether oral or written.

35. Representations of Authority. The execution, delivery and performance of this Agreement by the Consultant and PV Water have been duly and validly authorized.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above referenced.

PAJARO VALLEY WATER MANAGEMENT AGENCY

By: _____
Brian Lockwood
General Manager

ZAG Technical Services

By: _____
Greg Gatzke
Chief Executive Officer

Addendum A

Managed Security Assurance

A Partnership to Enable Your Success….

PURPOSE

The purpose of this addendum is to serve as a supplement to ZAG's Master Services Agreement (MSA). In any cases of conflicting terms, this addendum will supersede the MSA unless otherwise noted.

EXECUTIVE SUMMARY

The Managed Security Assurance Agreement is a partnership with ZAG's team to ensure the monitoring and management of your systems and infrastructure and that security, as defined below, is implemented. ZAG's Client Operations team ensures that your core platforms are proactively monitored and updated regularly, protecting against preventable incidents, security threats, and business risk. This preventative maintenance of your systems helps ensure optimal performance, stability and security in your environment. This agreement also puts into place specific security measures that help assure the security of your environment.

MANAGED SECURITY ASSURANCE

The Managed Security Assurance Agreement provides your organization with centralized monitoring and patching/updates of firewalls, switches, servers, and computers. Our team will notify you if problems/issues are discovered in your environment, so you can act quickly. This service goes beyond a traditional Remote Monitoring and Management (RMM) offering.

Patching of your systems and infrastructure is included to keep everything current including patching of standard third-party software vendors detailed below. Antivirus and other system and network level protections will also be installed and monitored to provide multiple layers of security. Finally, server backups that meet the standards of this agreement are monitored to ensure their success. Systems outside of the approved list are managed on a best effort process or by managing a third-party vendor.

ADDITIONAL SECURITY MEASURES

The Managed Security Assurance Agreement also puts into place several security offerings that will dramatically improve an organization's security posture. Included in this among other items are:

- DMARC Setup and Monitoring
- Cloud-based Internet Security
- Dark Web Monitoring
- Active Directory Security Configuration
    - Password Policies
    - Default Administrator account name change
    - Enable account lockouts for multiple failed attempts
    - Administrator role segmentation
    - Alerting when users are promoted to Administrator privileges
- Quarterly Security Scanning
- Quarterly Internet-based Vulnerability Scanning
- Disk Encryption configured for all workstations

DISCOVERY AND SETUP

Once the agreement has been signed, ZAG can begin the Onboarding process. This work includes:

- Set up the management and antivirus systems
- Perform initial external security testing
- Conduct initial network scan of all devices
- Review server backups
- Configure DMARC and setup DMARC monitoring
- Deploy Cloud-based Internet Security
- Configure Dark Web monitoring
- Configure Active Directory Security configuration
- Configure Disk Encryption on workstations

SERVICE DESCRIPTIONS

The following table provides a listing of some routine maintenance and administration tasks that are included within the agreement definitions. Tasks may be modified over time as required.

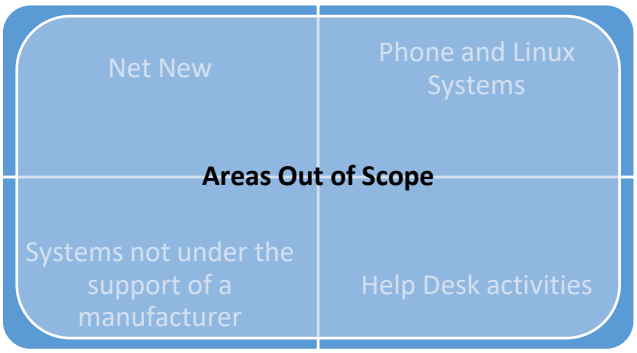
- **Monitor Servers and Workstations**
  - ZAG monitors servers and workstations for issues that arise such as failed drives, etc. Alerts are created so that the local personnel can correct known issues.
- **Monitor Server Backups**
  - Backups are a last line of defense for an organization. It is where the organization goes to if everything else fails. ZAG monitors the backups and alerts the organization should backups fail.
- **Monitor Network Equipment (Switches, Routers, Firewalls)**
  - ZAG continuously monitors the network equipment to ensure it is up and functioning.
- **Monitor UPS Systems**
  - UPS's ensure that systems are up and protected from power-based issues. ZAG monitors these systems as possible to ensure that servers and critical infrastructure stays up and available.
- **Manage Server and Workstation Antivirus**
  - Antivirus is a key line of defense for any organization. ZAG has found that vigilance is needed to ensure organizations are properly protected. ZAG monitors antivirus continuously to ensure that systems are protected.
- **Manage Server and Workstation MS Office/OS Updates**
  - Microsoft updates are the hallmark of security. ZAG manages the updates going to servers and workstations to ensure they are protected.
- **Manage Workstation Third-Party Software Updates**
  - Many vulnerabilities today come through Third-Party software offerings. ZAG works to keep software listed below current to help protect the organization from attack.
- **Monitor DMARC Configuration**
  - DMARC is a configuration that ZAG implements to protect the organization against email spoofing attacks. After it has been setup ZAG continues to monitor it so that we are alerted should a new valid sending email service be setup. If that happens, ZAG will need to update DMARC to ensure valid emails are delivered.
- **Monitor Cloud-based Internet Security**
  - ZAG implements a Cloud-based Internet security system that protects employees wherever they are. This system is in addition to traditional antivirus. It helps protect employees from going to bad sites on the Internet.
- **Monitor Dark Web Instances**
  - ZAG subscribes to a service that monitors Dark Web instances for its Managed Security Assurance clients. Notifications are sent out as new instances of the client's domain are located on the Dark Web. ZAG can also monitor up to two instances of personal email

addresses. Executive emails of the company are normally monitored as personally identity theft of a key executive can be substantially damaging to an organization.

- **Perform Quarterly Internet-based Vulnerability Scanning**
  - ZAG will perform quarterly internal security scanning as a QA process to ensure the security of the organization is current.

MANAGED SECURITY ASSURANCE EXCLUSIONS

All patching covered by this agreement shall be automated. Any systems requiring manual patching will be billed separately. Anything considered **net new** is also considered outside the scope of this agreement.



Onsite visits are not covered and will be billed outside of the scope of the agreement. Normal onsite maintenance tasks, like changing of backup tapes, is outside the scope and should be addressed by client personnel.

The management of phone systems are outside the scope of this agreement.

Non-Microsoft OS patching including Mac OS, third-party application patching and Linux systems are outside the scope of this agreement.

MINIMUM REQUIREMENTS

For ZAG to provide the best services possible, the following minimum requirements must be met:

- All systems must be current production machines running supported operating systems. Any systems that are obsolete or running operating systems that are past end of life will be handled to the best of our ability outside of the scope of this agreement.
- All passwords and network design information should be made available to the ZAG Professional Services staff at the time of onboarding. We will create a dedicated ZAG account for access to resources and will not require ongoing access to any existing Domain Administrator accounts.
- The ZAG Monitoring and Management Platform requires a server or high-end workstation that has 8GB RAM and 256GB of free disk space and a current supported Microsoft Operating System. The client will provide the hardware and Operating System for this platform. This system can be virtualized.
- Many of these out of scope areas are included in other ZAG offerings.

SUPPORTED VENDORS INCLUDED IN MANAGED SYSTEMS AND INFRASTRUCTURE

The following vendors are supported in the fixed fee Managed Plans. All products must be under a current warranty plan with the vendor. We can assist with acquiring this support with the vendor if needed.

Switches	Firewalls	Antivirus	Wireless Access Points	Backups
Cisco Catalyst Cisco Meraki HP	Cisco Meraki SonicWall	AV Defender	Ruckus Meraki HP	BackupExec Datto Azure Backup

Other platforms will be maintained on a best effort process or by managing a third-party vendor (to be identified in separate addendum after assessment has been completed). Please note that these devices will be patched under the same schedule as supported devices. Patching and maintenance is critical to ensure the optimal performance and security of your environment.

Following is the full list of non-Microsoft apps that are patched under this plan. Please inform ZAG if any of these should be excluded from normal patching:

NON-MICROSOFT SUPPORTED VENDORS INCLUDED IN AUTOMATED PATCHING

Third Party Software Vendors		
Adobe Acrobat XI	Google Earth	
Adobe Air	iTunes (x64)	
Adobe Reader	iTunes (x86)	
Adobe Reader DC	Microsoft	VLC Media Player (x86)
Adobe Reader MUI	Notepad ++	WinRAR (x64)
Chrome	Opera Chromium	WinRAR (x86)
Firefox	QuickTime	WinZip (x64)
Firefox ESR	Safari	WinZip (x86)
Flash ActiveX	Shockwave	
Flash Plugin	Skype	
Foxit Reader	Thunderbird	

LIFECYCLE MANAGEMENT

Under this agreement, the client agrees to adhere to the following lifecycle management:

Hardware	Lifecycle
Laptops/Desktops	Replaced at minimum every four years
Servers/SANs	Replaced at minimum every six years
Switches/Routers/Firewalls/WiFi	Replaced at minimum every six years

TERM

The Managed Security Assurance agreement is a two-year agreement beginning on July 1, 2021 and ending on June 30, 2023. A 30-day notice of termination is required should any party terminate this agreement.

RATES

Managed Service Calculations

	Monthly	Non-Recurring	Approved
Managed Security Assurance	$1,486		
Service Agreement	$390		
Discovery & Setup		N/A	
	$1,876.00	**$0**	

The number of devices being managed under this plan are updated monthly and the rates are adjusted accordingly at a rate of $42/workstation and $95/server. Customer agrees to pay for service for all systems discovered in the monthly audit.

Professional Services Hourly Rates

	Normal Business Hours	Nights, Weekends, Holidays
System Engineer	$195	50% Premium
Solution Architect	$250	

ACCEPTANCE

IN WITNESS WHEREOF, the Parties have caused this Scope of Work ("SOW") to be executed as of the date indicated below.

Accepted By:

Authorized Signature	ZAG Technical Services, Inc.	Date
Authorized Signature	Pajaro Valley Water Management Agency	Date

APPENDIX A – SUMMARY INFORMATION

The pricing is based upon the following understanding of the client's environment:

	Quantity	Description
Number of Locations		
Firewalls		
Switches		
Servers (Virtual and Physical)		
Workstations (Virtual and Physical)		
Backup Solution		
Cloud Services(email, file sharing, SSO, MFA, document management, CRM, ERP, marketing, etc.)		

EXHIBIT "B"

Insurance Requirements

Consultant shall procure and maintain insurance as follows:

1. Commercial General Liability Insurance. Commercial general liability insurance, including products and completed operations, property damage, bodily injury, personal and advertising injury with limits of not less than $1,000,000 each occurrence and $2,000,000 aggregate.

2. Automobile Liability Insurance. Automobile liability insurance covering automobile bodily injury and property damage, including all owned (if any), hired and non-owned autos, with limits of not less than $1,000,000 each accident. If Consultant acquires any owned vehicles, Consultant shall provide insurance as above.

3. Professional Liability Insurance. Limits of liability in amounts not less than $1,000,000 per occurrence or claim and $2,000,000 aggregate, insuring Consultant and its employees against liabilities arising out of or in connection with the negligent acts, errors, or omissions of any of the foregoing in connection with the carrying out of their professional responsibilities relating to this Agreement. Consultant shall renew continuous coverage or extend the reporting period, to the extent available, by endorsement or otherwise, for claims five (5) years from the date this Agreement is terminated. Such professional liability policies shall include coverage for liability assumed by the Consultant under this Agreement for losses arising out of Consultant's negligence.

4. Workers' Compensation and Employer's Liability Insurance. Worker's Compensation as required by the Labor Code of the State of California and Employer's Liability Insurance for all employees in workplaces involved in this Agreement. Employer's liability insurance in the amount of, at least, $1,000,000 per accident for bodily injury or disease. The Certificate of Insurance shall include waiver of subrogation endorsement in favor of PV WATER. ***This requirement may be waived if Consultant provides a sworn affidavit to PV WATER that Consultant has no employees.***

5. Other Requirements.

    a. Additional Insured Endorsement. The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions: **The Pajaro Valley Water Management Agency, its directors, officers, employees, and authorized volunteers are to be additional insured**. The coverage shall contain no special limitations on the scope of protection afforded to PV WATER, its directors, officers, employees, or authorized volunteers.

b. Primary Insurance. For any claims related to this Agreement, Consultant's insurance shall be primary insurance as respects PV WATER, its directors, officers, employees, and authorized volunteers, individually and collectively. Any insurance, self-insurance, or other coverage maintained by PV WATER, its directors, officers, employees, or authorized volunteers shall be in excess of Consultant's insurance and shall not contribute to it.

c. Cancellation. The policies specified above are to state or be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to PV WATER.

d. Changes. If any change is made in the insurance carrier, scope of coverage or retroactive date of professional liability coverage required under this Agreement, Consultant shall notify the PV WATER within three (3) working days.

e. Evidence of Insurance. Prior to execution of this Agreement, Consultant shall file with PV WATER, on forms acceptable to PV WATER, certificate(s) of insurance and additional insured endorsements, as specified above.

f. Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the PV WATER. At the option of PV WATER, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

g. Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-VII or equivalent or as otherwise approved by PV WATER.

h. Special Risks or Circumstances.
PV WATER reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

MEMORANDUM

DATE: June 11, 2021
MEETING OF: June 16, 2021
TO: Board of Directors
FROM: General Manager
RE: **INFORMATIONAL ITEM 10A:** Basin Management Plan Implementation Update

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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
  - DWR Proposition 84 IRWM Drought Emergency Grant: Received payment of invoice package #23 in the amount of $43,042 for the CDS Expansion F-Pipeline Project.
  - Received reimbursements from the State Water Resources Control Board for Proposition 1 Recycled Water grant and low-interest State Revolving Fund agreement disbursement request numbers 7 and 8 totaling $234,729 of SRF loan on 5/27/2021 for the Recycled Water Facility Disk Filter Improvements Project.
- Recycled Water Facility Improvements Project
  - Recycled Water Facility UV Disinfection Upgrade Project: Discussion of project possibilities ongoing with PV Water and Watsonville staff.
  - Project is funded, in part, by the State Water Resources Control Board through a low-interest State Revolving Fund agreement and a Proposition 1 Recycled Water grant.
- College Lake Integrated Resources Management Project
  - Engineering: Received and reviewed 30% preliminary design reports (PDR) comments from agencies and held and/or scheduled meetings with agencies including city of Watsonville, Pajaro Valley Unified School District, Santa Cruz County Planning Department, Public Works Department, Flood Control and Water Conservation District Zone No. 7, Regional Transportation Commission, and the California Department of Transportation.
  - Environmental: Continued work to support Rural Pipeline Alignment; the second t meeting of the Ad Hoc Adaptive Management Plan Committee is scheduled to occur on June 15, 2021 at 2:00 p.m.
  - Permitting: Continued working with permitting agencies on pending applications;
  - Stakeholder outreach and engagement is ongoing.
  - Property Rights: Issued first two offer letters, continued with the preparation and review of 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 – no legal challenges were filed on the EIR.
- Permitting: Followed up with the SWRCB and still awaiting a response regarding the water-right permit submittal.

FISCAL IMPACT

There is no fiscal impact associated with this monthly update.

STAFF RECOMMENDATION

The Board receives the update.

ATTACHMENTS

- None

MEMORANDUM

DATE: June 11, 2021
MEETING OF: June 16, 2021
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION / ACTION ITEM 11A:** Consider Adoption of Proposed Budget for Fiscal Year 2021-2022

INTRODUCTION

On April 21, 2021, the Pajaro Valley Water Management Agency (PV Water or Agency) Board of Directors (Board) adopted the preliminary budget for Fiscal Year 2021-2022 (FY21-22). During this meeting, the Board approved Resolution 2021-07,"Amending the PV Water Organization Chart." The Board adopted Ordinance 2021-01, An Ordinance of the Pajaro Valley Water Management Agency Adjusting Delivered Water Charges and Ordinance 2021-02, An Ordinance of the Pajaro Valley Water Management Agency Adjusting Groundwater Augmentation Charges. Staff published notice of the public hearing in the Pajaronian on Thursday, April 29, 2021 (online) and Friday, April 30, 2021 (printed). Staff have revised the preliminary budget to account for the April 21, 2021 Board actions. On May 19, 2021 Board of Directors meeting, the Board held a public hearing on the preliminary budget as required by the Agency Act.

BACKGROUND

The Fiscal Year 2021-2022 (FY21-22) budget funds the mission of the Agency and provides a projection of finances for the upcoming fiscal year. The budget narrative describes key activities and important assumptions taken into account to develop the budget, including activities related to the Sustainable Groundwater Management Act (SGMA), the implementation of the Basin Management Plan (BMP) Update, Agency operations, and anticipated revenue. The figures contained within the budget are based on actual data, projections, and estimations. The budget is created on the accrual basis to be consistent with the year-end financial statements. On the accrual basis, revenues are recorded as earned and expenditures are recorded when incurred.

DISCUSSION

The budget is a planning and communication tool that contains significant assumptions including but not limited to projecting groundwater extractions and delivered water sales, grant income, and progress on capital project implementation. Capital projects that are listed in the budget include the College Lake Integrated Resources Management Project, the Recycled Water Facility Storage Improvements Project, and the Watsonville Slough Managed Aquifer Recharge and Recovery Projects. The preliminary budget provides funding for stakeholder processes pertaining to developing the 5-year update to the Agency's Groundwater Sustainability Plan Alternative and Adaptive Management Planning for the College Lake Integrated Resources Management Project. The total budgeted revenues presented are $62,914,500. The total budgeted expenditures are $32,558,186.

Notable revenue related assumptions are illustrated in Figure 1 and include:

- Receipt of $387,000 in Management Fees
- Anticipated augmentation charge revenues of $11.9 million
- Anticipated delivered water revenues of $2.2 million
- Grant revenue of $1.5 million

- Grant revenue of $1.5 million
- SRF Financing for the Recycled Water Facility Upgrades Project in the amount of $0.2 million
- Bond proceeds of $46.5M

Notable expenditure related assumptions are illustrated in Figure 2 and include:

- Capital Projects expenditures of approximately $21.2 million as listed below.
    - College Lake Integrated Resources Management Project – $15.0 million
    - Harkins Slough Recharge Facility Upgrades – $2.1 million
    - Struve Slough with Recharge Basins – $1.4 million
    - Recycled Water Facility Upgrades, SRF Phase III – $2.5 million. This project is partially funded by a Proposition 1 Recycled Water grant and a SRF low interest financial agreement

Figure 1. Projected Revenues: $62,914,500

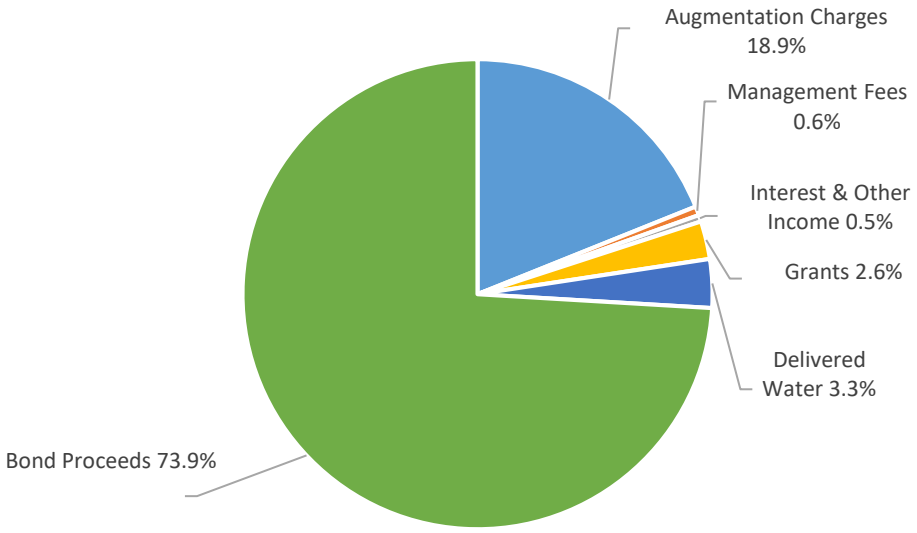
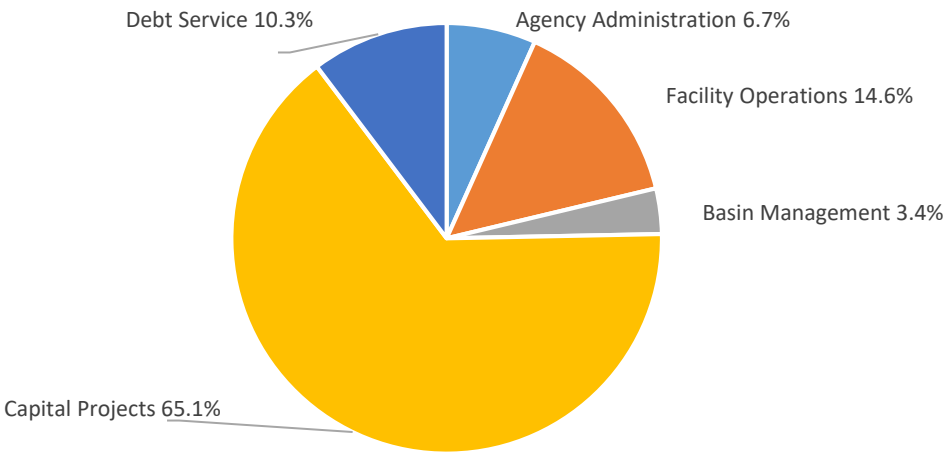


Figure 2. Projected Expenditures: $32,558,186



The Agency Act requires that the Board of Directors adopt a preliminary budget by May 15 of each year. PV Water must then publish a notice that the Board has adopted a preliminary budget, that it is available for public inspection, and hold a public hearing following the minimum two-week notice period. The Board must adopt a budget by June 30 of each year.

The recommended timeline for budget adoption this year is as follows:

April 21, 2021	Board considered and adopted the preliminary budget.
April 30, 2021	Staff published required notice of availability of the preliminary budget.
May 19, 2021	Board held public hearing.
June 16, 2021	Board considers adoption of budget.

FISCAL IMPACT

There is no direct impact; the budget is a planning and communication tool.

STAFF RECOMMENDATION

The Board adopt the Proposed Budget for Fiscal Year 2021-2022.

ATTACHMENT

- Proposed Budget for Fiscal Year 2021-2022 provided as a stand-alone document that is available on the Board of Directors webpage: https://www.pvwater.org/director-agendas.

Production Monthly Summary 2021 as of May 31st*

All totals are in Acre Feet

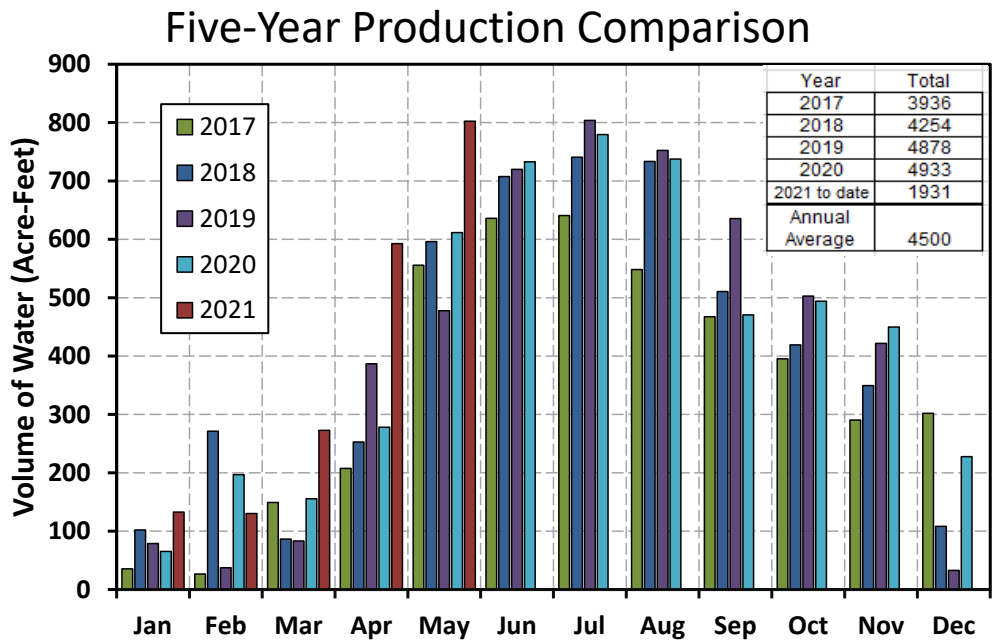
	January	February	March	April	May	June	July	August	September	October	November	December	Individual Totals
Harkins Slough Project:													
Effluent FW to Basin	0.000	0.000	2.430	0.000	0.000								**2.4**
Coastal Distribution System (CDS):													
Recovery Wells Sub Total	8.507	8.688	14.583	35.079	37.136	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**103.99**
Blend Wells													
SW #1	0.000	0.000	0.000	29.609	90.795	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**120.40**
SW #2	0.000	2.409	16.043	124.582	193.784	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**336.82**
Blend Wells Subtotal	0.000	2.409	16.043	154.191	284.579	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**457.22**
RWF Blend (See Breakdown Below)	124.175	119.113	242.049	403.329	480.653	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**1369.32**
CDS Total	132.68	130.21	272.67	592.60	802.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**1930.53**

Approximate Recycled Water Blend Breakdown:

Estimated Recycled Water	108.473	114.629	210.384	308.871	377.220	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1119.58
RWF No_1 (potable)	15.702	4.484	31.665	94.458	103.433	0.000	0.000	0.000	0.000	0.000	0.000	0.000	249.74

* 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	27.042	0.000	0.000	0.000	0.000	0.000	0.000	0.000	27.04



2020 Production Percentages:			
Recovery Wells	**Supplemental Wells**	**Recycled Water**	**Potable Water**
5%	**24%**	**58%**	**13%**

*Preliminary, Subject to Revision