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
January 15, 2025, 6:00 p.m.

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

BOARD MEETING AGENDA

Agenda Item

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:** Stephen Rider (Chair), Mary Bannister (Vice Chair), Bob Culbertson (Treasurer), Amy Newell, Tom Broz (2 Seats Vacant: City of Watsonville Appointee & County of Monterey Appointee)

3. **Pledge of Allegiance**

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

5. **Closed Session – 1 Item:**
   A. Conference with Real Property Negotiators – (Cal. Gov't Code §54954.5 & 54956.8)
   Property APN's & Owners, WSS-MARR
   1) 052-081-37, Land Trust of Santa Cruz County;
   2) 052-551-05, 052-221-09, 23 & 24, Arnold (CA) LLC;
   3) 052-551-03 & 04, Good Earth Lands, LLC;
   4) 052-551-02, SC Lands, Inc.;
   5) 052-551-01, Struve Ranch, LLC;
   6) 052-211-26, LMC Properties LLC;
   7) 052-211-12, 14 & 15, Eric and Nancy Rochelle Trustees & Peter Ottesen Trustee; Eric Rochelle and Nancy L. Rochelle, Trustees of the Rochelle Family Trust U/A Dated April 21, 2006; and Peter J. Ottesen, as Trustee of the Child's Trust Under the Otto J. Ottesen Revocable Trust Dated February 13, 1992;
   8) 052-181-18 & 20, Ocean Field Holdings, LLC;
   9) 046-151-36 & 37, Kitayama Brothers, Inc.;
   10) 052-191-59, 650 Howard 2017, LLC; Junco Partner Holdings LLC; and Caravan Holdings LLC;
   11) 052-221-14 & 17, Watsonville Exchange, Inc.

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

Open Session (anticipated to resume at 7:00 p.m.)

Report on Closed Session

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 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 December 18, 2024, Board Meeting Minutes
   B. Approve Financial Reports
   C. Adopt Resolution 2025-01, Amending Administration & Finance Committee Bylaws
      1. Introduction by staff
      2. Questions from Board
      3. Public comment
      4. Board discussion and deliberation
      5. Board action

10. **Informational Items**
    A. Receive Projects & Programs Update

11. **Discussion and/or Action Items**
    A. Consider Accepting and Filing the Annual Financial Reports for Fiscal Year ended June 30, 2024
       1. Introduction by staff
       2. Questions from Board
       3. Public comment
       4. Board discussion and deliberation
       5. Board action

    B. Consider Resolution 2025-02, Finding, Determining, and Declaring that the Public Interest and Necessity Require the Acquisition of Interests in Certain Real Property (Assessor's Parcel Numbers 052-181-18, 052-181-20) by Eminent Domain
       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 2024 Supplemental Water Production Monthly Summary Report
    B. Board Committee Reports available at www.pvwater.org
    C. Public Outreach Update

13. **Correspondence**

14. Future Meetings

A. Project & Facility Operations Committee Special Meeting, Wednesday, January 29, 2025, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville
B. Administrative/Finance Committee, Tuesday, February 11, 2025, 3:00 p.m., PV Water Conference Room, 36 Brennan St., Watsonville
C. Board of Directors Meeting, Wednesday, February 19, 2025, 7:00 p.m., City Council Chambers, 275 Main St.,4th Floor, Watsonville
D. Projects & Facility Operations Committee Special Meeting, Tuesday, February 26, 2025, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville

Adjournment

NOTES

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

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

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

Translation Services/Servicios De Traduccion

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

Public Access to Board of Directors Meeting

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

By Computer:
https://www.gotomeet.me/PVWater/board-of-directors

By Phone:
United States (Toll Free): 1 (877) 309-2073 Access Code: 347-473-301#

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Board of Directors Meeting
December 18, 2024, 6:00 p.m.

City of Watsonville
Council Chambers
275 Main St., 4th Floor
Watsonville, CA

DRAFT BOARD MEETING MINUTES

1. **Call to Order:** The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order at 7:03p.m. by Chair Newell, at City of Watsonville Council Chambers, 275 Main St., 4th Floor, Watsonville, CA

2. **Swear in Newly Elected and Re-Appointed Directors:** Stephen Rider, Robert Culbertson, Tom Broz

3. **Roll call of the PV Water Directors:**

Board Members Present:	Newell, Rider, Culbertson, Broz
Board Members Absent:	Bannister (excused)
Staff Members Present:	Brian Lockwood, General Manager (GM) Nancy Trevino, Finance & Admin Services Manager (FASM) Marcus Mendiola, Water Conservation and Outreach Specialist (WCOS)
Others Present:	Victoria Thompson, Agency Counsel (AC) Via Teleconference: None Public: None

4. **Pledge of Allegiance**

5. **Oral Communications:**

6. **Director Comments:** Director Rider reported on his attendance of the Association of California Water Agencies' fall conference in early December.

7. **Counsel Report:** None

8. **General Manager Report:** GM Lockwood reported on recent "Basin Characterization" work funded by the California Department of Water Resources that occurred within the Pajaro Valley, including the Watsonville Slough System Managed Aquifer Recharge & Recovery Project proposed recharge basin, potential sites for new stormwater infiltration basins as part of the Recharge Net Metering Program, and sites adjacent to the Pajaro River. He also reported on SB 1156, which becomes effective on January 1, 2025, and requires Members of the Board of Directors and the Executive Director, General Manager, or other person with an equivalent position of a Groundwater

Sustainability Agency to file their Statement of Economic Interests (SEIs) directly with the FPPC by using the FPPC's electronic filing system. Lastly, GM Lockwood noted PV Water's newest hire, Water System Operator II is onboard and doing well, and that staff had received six applications to-date for the Executive Assistant / Board Secretary position.

9. Consent Agenda

A. Approve November 20, 2024, Board Meeting Minutes
B. Approve Financial Reports
C. Approve 2025 Board and Committee Meeting Dates
D. Approve Fiserv Merchant Services Agreement

GM Lockwood reported City of Watsonville staff confirmed the use of the City Council Chambers for all the 2025 regular Board meetings with the exception of May 21, during which time the chambers are not available.

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

Motion carried by the following voice vote:

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

10. Informational Items

A. Received Basin Management Plan Implementation Update from GM Lockwood

11. Discussion and/or Action Items

A. Consider First Amendment to Agreement with Tanner Pacific, Inc., for College Lake Integrated Resources Management Project, Construction Management & Inspection Services, in an Amount Not to Exceed $1,453,131

GM Lockwood along with Construction Manager, Mike Jaeger, Tanner Pacific, Inc., provided an overview of construction delays that have led to an extension of the original substantial completion date, adding time and costs for Tanner Pacific, Inc., as staff continue to manage and inspect construction activities beyond the original scope of services. With Project closeout activities expected to go into summer 2025, Tanner Pacific, Inc. has provided an estimate of the projected hours to be worked over each additional month to complete the project.

Action: Director Rider moved to approve the First Amendment to Agreement with Tanner Pacific, Inc., in substantially the same form as the version presented, for College Lake Integrated Resources Management Project, Construction Management & Inspection Services, in an Amount Not to Exceed $1,453,131; seconded by Director Broz.

Motion carried by the following voice vote:

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

B. Consider First Amendment to Agreement with Strategy Driver Inc., for Supplemental Water Workshop & Water User Handbook Update Support Services in an Amount not to Exceed $64,136
GM Lockwood presented this item to the Board and noted the excellent support the Agency has received from Strategy Driver Inc., to-date. With the outcome of the recent project workshops that Strategy Driver Inc., facilitated, this amendment will provide resources to assist Agency staff in the effort to revise the Water Users Handbook, provide graphics for a future online portal, and facilitate an additional workshop.

Action: Director Broz moved to Approve the First Amendment to Agreement with Strategy Driver Inc., in substantially the same form as the version presented, for Supplemental Water Workshop & Water User Handbook Update Support Services in an Amount not to Exceed $64,136; seconded by Director Culbertson.

Motion carried by the following voice vote:

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

C. Consider Election of Officers for 2025: Chair, Vice Chair, Treasurer

Action: Director Culbertson nominated Director Rider for the position of Chair; second by Director Broz. Director Newell nominated Director Bannister for the position of Vice Chair; seconded by Director Culbertson. Director Rider nominated Director Culbertson for the position of Treasurer, seconded by Director Broz.

The nominated Directors were elected by the following voice vote:

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

D. Appoint Representatives to Serve on PV Water's Standing Committees in 2025

Action: Director Culbertson nominated Directors Rider, Culbertson, and Newell to serve on the Administration and Finance Committee; seconded by Director Rider. Director Rider nominated Directors Broz, Rider, and Bannister, along with Sam Cooley, Rosemarie Imazio, Stewart Kitayama and Jonathan Pilch to serve on the Projects & Facility Operations Committee; second by Director Culbertson

The nominated Directors and proposed Committee members were approved by the following voice

vote:

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

E. Appoint Representatives to serve on the other Organizations in 2025

Action: Director Newell nominated Director Rider to serve as the Agency's representative to ACWA-JPIA; seconded by Director Culbertson. Director Broz nominated Director Culbertson to serve as the Agency's representative to Zone 7; seconded by Director Newell.

The nominated Directors were elected by the following voice vote:

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

F. Consider Resolution No. 2024-15, Expressing appreciation to Javier Zamora for His Service as Director of the Pajaro Valley Water Management Agency

Action: Director Newell moved to Approve Resolution No. 2024-15, Expressing appreciation to Javier Zamora for His Service as Director of the Pajaro Valley Water Management Agency; seconded by Director Culbertson.

Motion carried by the following voice vote:

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

12. Monthly Reports/Presentations

A. Facility Operations Report
   1. Received 2024 Supplemental Water Production Monthly Summary Report through November 30, 2024
B. Board Committee Reports available at www.pvwater.org
C. Public Outreach Update

13. Correspondence

14. Future Meetings

A. Administrative/Finance Committee, Tuesday, January 7, 2025, 3:00 p.m., PV Water, 36 Brennan St., Watsonville
B. Board of Directors, Wednesday, January 15, 2025,7:00 p.m., City Council Chambers, 275 Main Street, 4th Floor, Watsonville
C. Project & Facility Operations Committee, Wednesday, January 29, 2025, 3:00 p.m., Water Resources Center, 500 Clearwater Lane, Watsonville

15. Future Agenda Items - None

Adjourned at 8:53 p.m.

_____ _____

Nancy Trevino, Acting Board Secretary **Date Approved**

PAJARO VALLEY WATER MANAGEMENT AGENCY

Account Activity Report per Bank Statement

	Date	Deposits	Withdrawals	Balance
CLEARING ACCOUNT - Mechanics				
Beginning Balance	11/1/2024			$119,390
Cash Receipts		2,692		
Disbursements			4,096,679	
Transfers		4,512,994		
Bank Fees				
Ending Balance	11/30/2024			$538,397
GENERAL FUND10-MMA Mechanics				
Beginning Balance	11/1/2024			$1,748,864
Cash Receipts		1,400		
Transfers			24,013	
Interest Earned		6,335		
Bank Fees				
Ending Balance	11/30/2024			$1,732,587
GENERAL FUND 10 - LAIF				
Beginning Balance	11/1/2024			$2,368,184
Transfers				
Interest Earned				
Ending Balance	11/30/2024			$2,368,184
GENERAL FUND 20 - LAIF				
Beginning Balance	11/1/2024			$8,696,032
Transfers				
Interest Earned				
Ending Balance	11/30/2024			$8,696,032
SPECIAL REVENUE FUND 20-ACH Clearing Acct Mechanics				
Beginning Balance	11/1/2024			$0
Cash Receipts				
Sweep/Transfers				
Disbursments/ACH-Wire				
Bank Fees				
Ending Balance	11/30/2024			$0
SPECIAL REVENUE FUND 20-Operating Mechanics				
Beginning Balance	11/1/2024			$239,969
Cash Receipts		4,208,762		
Transfers			1,244,982	
Disbursments/ACH-Wire				
Bank Fees			3,841	
Interest Earned				
Ending Balance	11/30/2024			$3,199,909
SPECIAL REVENUE Fund 20 Cash Mgmt-FUND20MMN Mechanics				
Beginning Balance	11/1/2024			$8,914,609
Transfers		600,000	3,844,000	
Disbursments/ACH-Wire				
Bank Fees				
Interest Earned		27,869		
Ending Balance	11/30/2024			$5,698,479
Certificate of Deposit - DWR Loan Reserve Mechanics Fund 40				
Beginning Balance	11/1/2024			$274,099
Interest Earned		1,129.00		
Ending Balance	11/30/2024			$275,228
Certificate of Deposit - SRF-D1501023				
Beginning Balance	11/1/2024			$78,559
Transfers				
Interest Earned		0.00		
Ending Balance	11/30/2024			$78,559

Prior Month Ending Cash Balance:	Total Deposits:	Total Withdrawals:	Month End Cash Balance:
22,439,707	9,361,182	9,213,514	22,587,374
Cash Transfers	5,112,994	5,112,994	-
Actual Cash Receipts/Disbursements	4,248,188	4,100,520	

PAJARO VALLEY WATER MANAGEMENT AGENCY
INVESTMENT REPORT
ALL FUNDS
November 30, 2024

Description	Current Yield	Investment	% of Total Portfolio	Weighted Yield
Mechanics Clearing Account	0.00%	**$538,397**	2.38%	0.00%
General Fund 10				
Mechanics General Fund 10 Money Market Account	4.70%	1,732,587	7.67%	0.36%
Local Agency Investment Fund	4.71%	2,368,184	10.48%	0.49%
		$4,100,771		
Special Revenue Fund 20				
Mechanics Special Revenue Fund 20-ACH Clearing Account	0.00%	0	0.00%	0.00%
Mechanics Special Revenue Fund 20 Operating Account	0.00%	3,199,909	14.17%	0.00%
Mechanics Special Revenue Fund 20 Money Market Account	4.70%	5,698,479	25.23%	1.19%
Local Agency Investment Fund	4.71%	8,696,032	38.50%	1.81%
		$17,594,419		
Long Term Debt Fund 40				
Mechanics Certificate of Deposit DWR Loan Reserve	4.85%	$275,228	1.22%	0.06%
Mechanics Certificate of Deposit SRF-D1501023	4.85%	$78,559	0.35%	0.02%
		353,787		
	Total:	**$22,587,374**	**100.0%**	

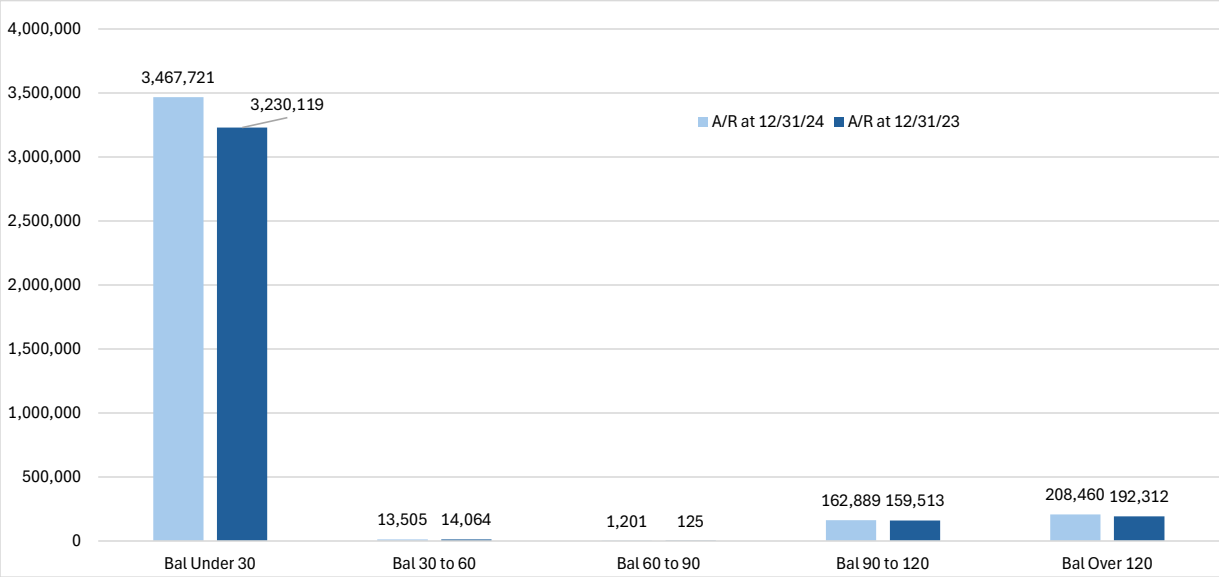
Total Funds Reserved	353,787
Total Funds Invested	18,495,282
Total Funds Non-Interest Bearing	3,738,305
Total Funds	**$22,587,374**
Total Available Funds	22,233,587
Cash Reserve Policy Requirements (PV Water)	7,120,000
Surplus (Deficit) of Funds	**$15,113,587**

PV Water
Quarterly Billing Summary
Calendar Year

Type	2023 Consumption(AF)	2023 Dollar	2024 Consumption(AF)	2024 Dollar
March Billing				
Inside Delivered Water Zone	156.974	$ 61,376.95	213.271	$ 89,747.71
Metered	1,173.059	$ 331,550.32	1,178.870	$ 356,559.33
Non-Metered (agriculture)	4.419	$ 1,162.10	0.000	$ -
Delivered	153.311	$ 66,230.54	201.106	$ 91,302.08
Aromas	46.450	$ 13,098.90	49.040	$ 14,810.08
Cal Water	46.810	$ 13,200.42	46.990	$ 14,190.98
City of Watsonville	1,193.000	$ 336,426.00	1,203.000	$ 363,306.00
Vega Mutual	6.880	$ 1,940.16	7.310	$ 2,207.62
Pajaro/Sunny Mesa	63.620	$ 17,940.84	59.260	$ 17,896.52
Non-Metered (rural residential)	0.000	$ -	0.000	$ -
Subtotal	2,844.524	$ 842,926.23	2,958.847	$ 950,020.32
	Uncollected Amt a/o 4/30/23	**$ 546,664.85**	**Uncollected Amt a/o 4/30/24**	**$ 130,673.43**
	Percent of Uncollected Billing	**64.853%**	**Percent of Uncollected Billing**	**13.755%**
June Billing				
Inside Delivered Water Zone	988.568	$ 386,530.03	1,203.139	$ 505,318.18
Metered	5,370.219	$ 1,514,401.91	5,805.235	$ 1,753,180.87
Non-Metered (agriculture)	194.603	$ 54,877.99	179.532	$ 54,218.73
Delivered	902.456	$ 389,861.00	1,033.149	$ 469,049.45
Aromas	56.660	$ 15,978.12	55.940	$ 16,893.88
Cal Water	55.440	$ 15,634.08	54.650	$ 16,504.30
City of Watsonville	1,396.000	$ 393,672.00	1,418.000	$ 428,236.00
Vega Mutual	12.650	$ 3,567.30	71.290	$ 21,529.58
Pajaro/Sunny Mesa	53.740	$ 15,154.68	8.790	$ 2,654.58
Subtotal	9,030.336	$ 2,789,677.11	9,829.724	$ 3,267,585.58
Annual Rural Residential				
Consumption	1,279.50	$ 314,757.00	1,285.00	$ 339,240.00
Subtotal	10,309.84	$ 3,104,434.11	11,114.72	$ 3,606,825.58
	Uncollected Amt a/o 7/31/23	**$ 1,009,774.61**	**Uncollected Amt a/o 7/31/24**	**$ 1,607,251.65**
	Percent of Uncollected Billing	**32.527%**	**Percent of Uncollected Billing**	**44.561%**
September Billing				
Inside Delivered Water Zone	2,658.524	$ 1,039,482.83	2,829.233	$ 1,188,278.04
Metered	12,417.249	$ 3,501,664.30	13,839.290	$ 4,179,465.55
Non-Metered (agriculture)	0.000		0.000	$ -
Delivered	2,006.381	$ 866,756.45	2,006.787	$ 911,081.45
Aromas	96.360	$ 27,173.52	99.770	$ 30,130.54
Cal Water	68.740	$ 19,384.68	64.780	$ 19,563.56
City of Watsonville	1,728.000	$ 487,296.00	1,609.000	$ 485,918.00
Vega Mutual	13.690	$ 3,860.58	14.540	$ 4,391.08
Pajaro/Sunny Mesa	88.190	$ 24,869.58	94.830	$ 28,638.66
Non-Metered (rural residential)	5.000	$ 1,230.00	4.500	$ 1,188.00
Subtotal	19,082.134	$ 5,971,717.95	20,562.731	$ 6,848,654.88
	Uncollected Amt a/o 10/31/23	**1,731,424**	**Uncollected Amt a/o 10/31/24**	**1,773,186**
	Percent of Uncollected Billing	**28.994%**	**Percent of Uncollected Billing**	**25.891%**
December Billing				
Inside Delivered Water Zone	1,379.463	$ 539,370.22	1,405.890	$ 590,473.71
Metered	5,753.028	$ 1,622,353.86	6,187.103	$ 1,868,505.26
Non-Metered (agriculture)	184.278	$ 51,966.35	169.728	$ 51,257.72
Delivered	1,236.043	$ 533,970.65	1,065.412	$ 483,697.13
Aromas	76.560	$ 21,589.92	81.010	$ 24,465.02
Cal Water	64.560	$ 18,205.92	62.300	$ 18,814.60
City of Watsonville	1,546.000	$ 435,972.00	1,501.000	$ 453,302.00
Vega Mutual	11.400	$ 3,214.80	11.960	$ 3,611.92
Pajaro/Sunny Mesa	80.270	$ 22,636.14	85.510	$ 25,824.02
Non-Metered (rural residential)	1.500	$ 369.00	3.500	$ 924.00
Subtotal	10,333.102	3,249,648.85	10,573.412	3,520,875.37
	Uncollected Amt a/o 1/31/24	**845,214**	**0.00**	
	Percent of Uncollected Billing	**26.009%**		
Total	**42,569.60**	**13,168,727.14**	**45,209.71**	**14,926,376.15**

PV Water
Accounts Receivable Aging 3 Month Trend
As of 12/31/2024

	Balance Forward	Bal Under 30	Bal 30 to 60	Bal 60 to 90	Bal 90 to 120	Bal Over 120
Accounts Receivable before credits	3,853,776	3,467,721	13,505	1,201	162,889	208,460
Credits	(23,046)					
Total Accounts Receivable at 12/31/24	3,830,730					
Accounts Receivable before credits	3,596,132	3,230,119	14,064	125	159,513	192,312
Credits	(1,363)					
Total Accounts Receivable at 12/31/23	3,594,769					
Accounts Receivable before credits	1,060,985	65,728	1,237	776,685	2,144	215,191
Credits	(14,824)					
Total Accounts Receivable at 11/30/24	1,046,160					
Accounts Receivable before credits	2,023,379	1,321	1,773,186	4,264	132	244,476
Credits	(27,360)					
Total Accounts Receivable at 10/31/24	1,996,019					



Accounts Payable

Checks by Date - Detail by Check Date

User: Priscilla
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Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
ACH	t111	TANNER PACIFIC, INC	12/06/2024	
	224-390	Correct Amt of Inv 224-390	Correct Amt of Inv 224-3	70.00
			Total for this ACH Check for Vendor t111:	70.00
			Total for 12/6/2024:	70.00
ACH	A1250	AFLAC- FLEX ONE	12/13/2024	
	EE Deferrals	EE PR Deferrals		609.63
			Total for this ACH Check for Vendor A1250:	609.63
ACH	A300	ACWA/JPIA	12/13/2024	
	Inv 0704659	Minor Life Ins Adj		42,607.36
			Total for this ACH Check for Vendor A300:	42,607.36
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	12/13/2024	
	EE Deferrals	EE PR Deferrals		4,600.00
			Total for this ACH Check for Vendor N125:	4,600.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	12/13/2024	
	EE Deferrals	ER/EE Retirement Contributions		10,772.45
	EE Retirement Contrib	EE PR Deferrals		970.00
			Total for this ACH Check for Vendor P1300:	11,742.45
ACH	P555	PVWMA-Cafeteria Account	12/13/2024	
	EE Deferrals	EE PR Deferrals		981.88
			Total for this ACH Check for Vendor P555:	981.88
ACH	C1099	CAROLLO ENGINEERS INC	12/13/2024	
	FB59193	BMP Program Management for Oct & Nov 2024		6,032.50
	FB59831	WSR System Projects Design thru Nov 2024		24,763.95
			Total for this ACH Check for Vendor C1099:	30,796.45
ACH	M1875	MICROSOFT AZURE	12/13/2024	
	E0600UIVUZ	IT-Support/Pay as you go for 10/12 - 11/11/24		14.98
			Total for this ACH Check for Vendor M1875:	14.98
ACH	S2620	STATE WATER RESOURCES CONTROL BOARD-SWRCB	12/13/2024	
	WD-0279455	RWF Annual Permit Facitlity ID#3441208240 for 7/1/24 - 6/30/25		32,505.00
			Total for this ACH Check for Vendor S2620:	32,505.00
ACH	Y130	YSI INCORPORATED. A XYLEM BRAND	12/13/2024	
	1110557	3 yr EX03 Factory Service Plan 11/24 thru 11/27		13,500.00
			Total for this ACH Check for Vendor Y130:	13,500.00
ACH	T359	THE STANDARD INSURANCE COMPANY	12/13/2024	
	00-649299-0087	Long Term Disability Benefits		577.66
			Total for this ACH Check for Vendor T359:	577.66
45717	A190	ACE HARDWARE OF WATSONVILLE INC	12/13/2024	
	234081	CDS/Meters/Hydro/Basin Monitoring Supplies for 11/24		7.67
			Total for Check Number 45717:	7.67

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45718	A650	AMERICAN WATER WORKS ASSN.	12/13/2024	
	SO190599	Annual Membership for 1/1/25 thru 12/31/2025		525.00
			Total for Check Number 45718:	525.00
45719	A800	A TOOL SHED EQUIPMENT RENTALS	12/13/2024	
	1721691-6	HS Recharge Basing Maint.(Clay removal) for 11/24		1,425.19
			Total for Check Number 45719:	1,425.19
45720	A910	ATCHINSON,BARISONE,CONDOTTI	12/13/2024	
	34647	General/BOD/CL/WSR Legal Matters for 10/1 - 10/31/24		9,119.17
	34668	General/BOD/CL/WSR Legal Matters for 11/1 - 11/30/24		13,745.97
	34669	General Legal Matters for 11/1 - 11/30/24		361.90
			Total for Check Number 45720:	23,227.04
45721	B200	MARY BANNISTER	12/13/2024	
	BOD-REIMB	BOD Reimb forACWA Conf in Palm Springs for 12/24		1,242.86
			Total for Check Number 45721:	1,242.86
45722	C1580	SPECTRUM BUSINESS COMMUNICATIONS	12/13/2024	
	0124982112024	76 Holohan/Internet/communication for 11/20 to 12/19/24		136.23
	0154296112324	36 Brennan Line & Internet services for 11/23 to 12/22/24		662.29
			Total for Check Number 45722:	798.52
45723	C1780	CORRALITOS ELECTRIC SERVICE	12/13/2024	
	24797-1	Service at SW2 site for 12/24		1,526.59
			Total for Check Number 45723:	1,526.59
45724	C1787	COSTCO MEMBERSHIP	12/13/2024	
	MEMBERSHIP	Annual Membership for 2024-2025		130.00
			Total for Check Number 45724:	130.00
45725	D310	UNITED STATES GEOLOGICAL SURVEY	12/13/2024	
	FYQ4-90064203	USGS Professional Services for Jul 1 - Sept 30, 2024		9,566.00
			Total for Check Number 45725:	9,566.00
45726	E500	ENVIRONMENTAL SCIENCE ASSOCIATES	12/13/2024	
	202592	Updating HSR Pipeline Project for 11/1 - 11/30/24		20,996.90
			Total for Check Number 45726:	20,996.90
45727	F199	C.J. BROWN & COMPANY CPAS	12/13/2024	
	241148	Progress Billing on Audit of FS for 11/24		538.00
			Total for Check Number 45727:	538.00
45728	G195	GREENWASTE RECOVERY LLC	12/13/2024	
	ID#219557	76 Holohan Green Waste for 11/24	219557	134.95
			Total for Check Number 45728:	134.95
45729	G330	GUTIERREZ CONSULTANTS, INC.	12/13/2024	
	1922	MBLRP Multi-Benefit Land Repursposing Prg Grant 9/1 - 9/30/24		7,521.00
	1923	DWR Watershed Resilience Grant for 9/1 - 9/30/24		7,038.00
			Total for Check Number 45729:	14,559.00
45730	L538	LSP SPANISH	12/13/2024	
	2024-018	General Office support 11/25 to 11/27/24		682.50
			Total for Check Number 45730:	682.50
45731	L563	BRIAN LOCKWOOD	12/13/2024	
	GM-REIMB	ACWA Seminar in Palm Desert 12/5/24 & SGMA Event/SAC 11/18/24		1,565.28
	GM-REIMB-UC	GM.reimb.Groundwater Seminar in UC Davis 10/25/24		225.98
			Total for Check Number 45731:	1,791.26

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45732	M1002	CASEY MEUSEL	12/13/2024	
	REIIMB	Boater Car App. Fee & PowerGpt Charger for 12V Deep Cycle		39.48
			Total for Check Number 45732:	39.48
45733	M1010	MAGNOLIA GARDENING INC	12/13/2024	
	33889	36 Brennan Building Mo. Landscape Maint. For 11/24		100.00
	34072	76 Holohan Building Mo. Landscape Maint. For 11/24		90.00
			Total for Check Number 45733:	190.00
45734	m1086	MILLER MAXFIELD, INC.	12/13/2024	
	1124PV	40th Anniv. Event Mailing List & Construction Team Updates and Mtgs		1,068.75
			Total for Check Number 45734:	1,068.75
45735	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	12/13/2024	
	241031-040	Water Samples CDS for 10/31/24		1,610.00
	241105-070	Water Samples Surface for 11/5/24		374.00
	241112-102	Water Samples Algae Monitoring for 11/12/24		2,361.00
			Total for Check Number 45735:	4,345.00
45736	O217	OFFICE AND HOME CLEANING SERVICES	12/13/2024	
	2696	36 Brennan Mo. Office housekeeping for 11/24		600.00
	2697	76 Holohan Mo. Housekeeping for 11/24		600.00
			Total for Check Number 45736:	1,200.00
45737	O411	O'REILLY AUTO PARTS	12/13/2024	
	2912-476903	Parts for vehicle#2		69.25
	2912-479633	Parts for vehicles 2019 & 2020 Toyotas		94.19
			Total for Check Number 45737:	163.44
45738	P1160	MIKE PODLECH	12/13/2024	
	2600	CL Fisheries Support Prof. Services for 11/1 - 11/30/24		975.00
			Total for Check Number 45738:	975.00
45739	P180	PENINSULA MESSENGER LLC	12/13/2024	
	1476114	Monthly RaboBank Courier for 11/24		139.00
			Total for Check Number 45739:	139.00
45740	P800	PG & E	12/13/2024	
	1787734656-3	Service at 1859 Beach rd/BW-2 for 11/6 to 12/6/24		4,426.68
	4291054495-8	Service at 475 San Andreas Rd for 10/18 to 11/17/24		2,026.94
	5916054391-0	Service at 187C San Andreas Rd for 10/18 to 11/17/24		3,352.19
	9214983032-2	Service at 1931 Beach rd/BW-1 for 11/6 to 12/6/24		6,395.63
	9218085363-9	Service at 162 San Andreas Rd/HSP Pump for 11/6 to 12/6/24		457.97
	9968544374-1	Service at 36 Brennan St for 11/6 to 12/6/24		965.71
			Total for Check Number 45740:	17,625.12
45741	P805	PIINI REALTY INC	12/13/2024	
	2024-01	WSS-MARR System Managed Aquifer Proj.		32,500.00
			Total for Check Number 45741:	32,500.00
45742	R40	CARDMEMBER SERVICE	12/13/2024	
	NOV2024	Agency Credit Card Purchases		1,762.79
			Total for Check Number 45742:	1,762.79
45743	S1405	SC FUELS INC	12/13/2024	
	0964179	Agency Vehicle Fuel for 11/5 - 11/13/24		225.86
	0970757	Agency Vehicle Fuel for 11/19 - 11/27/24		551.21
			Total for Check Number 45743:	777.07

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45744	S1681	SHAMROCK OFFICE SOLUTIONS	12/13/2024	
	4238478-CAL	36 Brennan/Cont. printer usage/BW & Clr for 11/2 - 12/1/24		158.18
	4247380-CAL	76 Holohan/Cont. printer usage/BW & Clr for 11/2 - 12/1/24		35.68
			Total for Check Number 45744:	193.86
45745	S600	SANTA CRUZ COUNTY CLERK/ELECTIONS	12/13/2024	
	24-024	Cost of Appointing Candidate in Lieu of Nov. Election		175.00
			Total for Check Number 45745:	175.00
45746	T305	TELSTAR INSTRUMENTS, INC.	12/13/2024	
	124056	IT Services for CLP, WSMARR, CDS, Supp Wells for 11/24		7,396.78
			Total for Check Number 45746:	7,396.78
45747	T345	THE HOME DEPOT CREDIT SERVICES	12/13/2024	
	2617550	Field Supplies/CDS Operations & Equipt		218.50
			Total for Check Number 45747:	218.50
45748	U185	U.S. BANK EQUIPMENT FINANCE	12/13/2024	
	541901724	Contr#500-0703068 76 Holohan copier for 10/30 thru 11/30/24		160.14
	544192081	Contr#500-0703068 76 Holohan copier for 10/30 thru 11/30/24		160.14
			Total for Check Number 45748:	320.28
45749	V369	VERIZON WIRELESS	12/13/2024	
	6100015873	Agency Personnel Cell Phones & equipt. for 11/2 - 12/1/24		475.90
			Total for Check Number 45749:	475.90
45750	W360	WATSONVILLE MOVING	12/13/2024	
	CAL-PUCT-188929	Move Meter Shop to Holohan office for 12/24		400.00
			Total for Check Number 45750:	400.00
45751	W378	WATSONVILLE FORD	12/13/2024	
	47791	Vehicle #2 Maint.		86.90
			Total for Check Number 45751:	86.90
45752	W80	WAGEWORKS INC.	12/13/2024	
	INV7214455	Mo. Admin & Compliance Fee for 11/24		104.00
			Total for Check Number 45752:	104.00
45753	Z100	ZAG TECHNICAL SERVICES, INC.	12/13/2024	
	151318	IT-Billable/Regular Support Agreement for 11/24		1,273.74
	151415	IT-Billable/Regular Support Agreement for 11/24		500.00
	151603	IT-Billable/Regular Support Agreement for 12/24		500.00
			Total for Check Number 45753:	2,273.74
			Total for 12/13/2024:	287,517.50
ACH	A901	AVEVA SELECT CALIFORNIA	12/19/2024	
	452491	Scada Softwater Subs Upgrade & Credit for Old Software		2,704.15
			Total for this ACH Check for Vendor A901:	2,704.15
ACH	C571	CALIFORNIA BANK OF COMMERCE	12/19/2024	
		Escrow#1159045 Ret.CL Pro #30-39-501-for 10/1 - 10/31/24		223,716.65
			Total for this ACH Check for Vendor C571:	223,716.65
ACH	M1872	MICROSOFT	12/19/2024	
	E0400UI4AD	IT-Online Hydrology 365 Support for 11/17 - 12/16/24		12.50
			Total for this ACH Check for Vendor M1872:	12.50
ACH	M2213	MOUNTAIN CASCADE, INC.	12/19/2024	
	91602-18	CL/Contr$44,989,854 Project#30-39-501 for 10/1 - 10/31/24		4,250,616.26
			Total for this ACH Check for Vendor M2213:	4,250,616.26

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
ACH	M2214	MOUNTAIN CASCADE, INC.	12/19/2024	
	91601-18	CL/Contr$23,707,310 Project#30-39-502 for 10/1 - 10/31/24		105,609.93
			Total for this ACH Check for Vendor M2214:	105,609.93
ACH	S2620	STATE WATER RESOURCES CONTROL BOARD-SWRCB	12/19/2024	
	WD-0275587	CL Annual Permit Facitlity ID#34422WQ07 for 7/1/24 - 6/30/25		3,540.00
			Total for this ACH Check for Vendor S2620:	3,540.00
ACH	s2865	SWCA ENVIRONMENTAL CONSULT. INC.	12/19/2024	
	207632	CL Integrated Resources Mngmnt Project. For 10/1 - 10/31/24		84,590.17
	208505	CL Integrated Resources Mngmnt Project. For 11/1 - 11/30/24		33,111.45
			Total for this ACH Check for Vendor s2865:	117,701.62
ACH	T111	TANNER PACIFIC, INC	12/19/2024	
	224-434	CL Int. Res/Mngmnt/TPI/Proj.582301.07 & 08 thru 11/30/24		308,916.47
			Total for this ACH Check for Vendor T111:	308,916.47
45754	A774	ARNOLD, CA LLC	12/19/2024	
	SW-1/2024-25	SW-1/2024-25 PV Water Well Lease Payment for 12/24		50,000.00
			Total for Check Number 45754:	50,000.00
45755	A850	AVAYA FINANCIAL SERVICES.	12/19/2024	
	46105080	Phone/VM Lease Agreement for 12/1 - 12/31/24		435.12
			Total for Check Number 45755:	435.12
45756	C103	CBEC ECO ENGINEERING INC	12/19/2024	
	17-1003-6-34	CL Hydrologic Monitoring 2022 & 2023 for 10/26 - 11/22/24		8,740.50
	17-1003-7-1	CL Hydrologic & Water Monitoring 2025 & 2026 for 8/22 - 11/22/24		23,982.52
			Total for Check Number 45756:	32,723.02
45757	F360	FIRST ALARM, INC	12/19/2024	
	860988	Brennan & Holohan Qrtly Alarm Services for 1/1 to 3/31/25		951.27
			Total for Check Number 45757:	951.27
45758	K310	KITTLESON ENVIRONMENTAL CONSULTING	12/19/2024	
	025.43	PVWMA 2024 Biological Consulting for 8/2 - 11/26/24		6,320.18
			Total for Check Number 45758:	6,320.18
45759	M1175	MONTEREY BAY ANALYTICAL SERVICE INC	12/19/2024	
	241113-057	Water Samples ReNeM for 11/13/24		1,592.00
	241115-023	Water Samples CDS for 11/15/24		1,346.00
	241119-060	Water Samples Surface for 11/19/24		374.00
	24112-108	Water Samples Surface56 for 11/12/24		1,332.00
	241125-045	Water Samples Surface for 11/25/24		2,361.00
			Total for Check Number 45759:	7,005.00
45760	M1865	MONTGOMERY & ASSOCIATES INC	12/19/2024	
	9090-24-4B	Monitoring Network Expansion/Design for 10/1 to 10/31/24		9,972.00
	9090-24-5B	Monitoring Network Expansion/Design for 11/1 to 11/30/24		4,321.50
	9090-24-5C	PV Water Blend Well #4/Domestic CM PM for 11/1 to 11/30/24		2,732.66
			Total for Check Number 45760:	17,026.16
45761	R305	RINCON CONSULTANTS, INC	12/19/2024	
	61618	Proj#24-16204 River watershed Resilience for 10/24		75,638.94
			Total for Check Number 45761:	75,638.94
45762	R790	ROYAL OAKS AUTO REPAIR INC	12/19/2024	
	55904	Vehicle #13 Flat Tire Repair		25.00
			Total for Check Number 45762:	25.00
45763	S1405	SC FUELS INC	12/19/2024	
	0978119	Agency Vehicle Fuel for 12/3 to 12/11/24		661.67
			Total for Check Number 45763:	661.67

Check	Vendor No / Invoice No	Vendor Name / Description	Check Date / Reference	Check Amount
45764	T305	TELSTAR INSTRUMENTS, INC.	12/19/2024	
	124462	Blend Well 1 VFD Replacement for 12/24		5,462.65
			Total for Check Number 45764:	5,462.65
45765	U185	U.S. BANK EQUIPMENT FINANCE	12/19/2024	
	544792096	Contr#500-0592136 36 Brennan copier for 12/10 thru 1/10/25		208.57
			Total for Check Number 45765:	208.57
			Total for 12/19/2024:	5,209,275.16
ACH	A1250	AFLAC- FLEX ONE	12/27/2024	
	EE Contributions	Monthly Fee		609.63
			Total for this ACH Check for Vendor A1250:	609.63
ACH	N125	NATIONWIDE RETIREMENT SOLUTION	12/27/2024	
	EE Deferrals	EE PR Deferrals		3,150.00
			Total for this ACH Check for Vendor N125:	3,150.00
ACH	P1300	PERS-Fiscal Services Division Cashier Unit	12/27/2024	
	EE Deferrals	ER/EE Retirement Contributions		11,106.70
	EE Retirement Contrib	EE PR Deferrals		970.00
			Total for this ACH Check for Vendor P1300:	12,076.70
ACH	P555	PVWMA-Cafeteria Account	12/27/2024	
	EE Deferrals	EE PR Deferrals		981.88
			Total for this ACH Check for Vendor P555:	981.88
			Total for 12/27/2024:	16,818.21
			Report Total (72 checks):	5,513,680.87

MEMORANDUM

DATE: January 10, 2025
MEETING OF: January 17, 2025
TO: Board of Directors
FROM: General Manager
RE: **CONSENT ITEM 9C:** Adopt Resolution 2025-01 Amending Administration & Finance Committee Bylaws

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BACKGROUND

The Administration & Finance Committee (Committee) is an existing, standing committee of the Pajaro Valley Water Management Agency Board of Directors that meets monthly to review administrative and finance matters for the Agency and make recommendations to the Board. Article VII, "Administration" of the Administration & Finance Committee's Bylaws calls for the bylaws to be "reviewed annually for recommended updates or more often if requested by the Committee and/or the Board." During its January 7, 2024, meeting, the Committee voted in favor of amending its bylaws as noted on the attached draft with changes tracked. The Board last amended the bylaws for this Committee when it adopted Resolution 2024-01 during its January 17, 2024, meeting.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

The Board adopts Resolution 2025-01 Amending Administration & Finance Committee Bylaws.

ATTACHMENTS

- Resolution 2025-01 Amending Administration & Finance Committee Bylaws
- Administration & Finance Committee Bylaws (Clean Version)
- Administration & Finance Committee Bylaws (Tracked Changes Version)

Resolution 2025-01

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

Amending Administration & Finance Committee Bylaws

WHEREAS, each year the Board of Directors of the Pajaro Valley Water Management Agency ("PV Water") appoints three Directors to serve on its Administration & Finance Committee ("Committee"), a standing committee of the Board; and

WHEREAS, the Board established bylaws to govern the Committee at its April 20, 2016 meeting; and

WHEREAS, Article VII: Administration, Section 2 states: "These Bylaws shall be reviewed annually for recommended updates or more often if requested by the Committee and/or the Board"; and

WHEREAS, on January 7, 2025, the Committee reviewed the bylaws and voted to recommend approval of the amended "Pajaro Valley Water Management Agency Administration and Finance Committee Bylaws," attached hereto.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pajaro Valley Water Management Agency does hereby amend the Administration & Finance Committee Bylaws, attached to this Resolution as Exhibit A, and incorporated herein by reference.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the **15th** day of **January 2025**, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Stephen Rider, Chair

Attest:

_____
Nancy Trevino, Acting Board Secretary

EXHIBIT "A"

PAJARO VALLEY WATER MANAGEMENT AGENCY

ADMINISTRATION AND FINANCE COMMITTEE BYLAWS

ARTICLE I: PURPOSE

The purpose of the Administration and Finance Committee ("Committee") is to advise the Board of Directors ("Board") and staff of the Pajaro Valley Water Management Agency ("Agency") on administrative and financial oversight for the organization.

ARTICLE II: STRUCTURE

The Committee shall constitute a standing committee of the Agency and shall meet until otherwise directed by the Board. The Committee's subject matter jurisdiction is limited to matters expressed herein, together with all matters necessarily incidental thereto. Except as otherwise expressly provided in these bylaws or by resolution of the Board, the Committee does not make binding decisions on those matters; rather, the Committee makes recommendations to the Board.

ARTICLE III: OFFICERS

1. Officers of the Committee shall consist of a Chair and Vice Chair, which shall be selected from the members of the Committee and elected by a majority vote of the members present.
2. Election of the officers shall take place annually at the first meeting following the annual appointment of Directors to serve on the Committee.
3. The Vice Chair shall assume the role of Chair in the event the Chair is absent.
4. If a vacancy of the Chair or Vice-Chair occurs, it shall be filled by election at the next regularly scheduled committee meeting.

ARTICLE IV: MEMBERS

1. The Committee shall be comprised of three Directors from the Board.
2. Membership shall be for a term of one year.
3. At the Board's December meeting, the Board shall appoint the Directors to serve on the Committee for the following year, and the Board shall make a new appointment when a vacancy occurs on the Committee.
4. Three successive absences of a member without notifying the Committee shall be cause for the member to be removed from the Committee.

ARTICLE V: MEETINGS

1. The Committee shall comply with all applicable laws, including the Ralph M. Brown Act.
2. Committee meetings shall be held monthly one week prior to board meeting at a location and time established by the Committee and noticed on meeting agendas. Any future regular meeting of the Committee may be moved if approved by a majority of the members present at a regular meeting.
3. The Chair or Vice Chair may call a special meeting of the Committee after proper notification.

4. A majority of the members of the Committee constitutes a quorum of the Committee.
5. Any decision of the Committee and/or recommendation to the Board shall require a majority vote by the members present for passage.
6. Every member shall have one vote.
7. Meetings shall be open to the public and members of other governmental agencies. Visitors may express their opinions or make requests during public comment.
8. All meetings shall be conducted pursuant to *Rosenberg's Rules of Order*.
9. Minutes shall be taken at every meeting and shall be considered for approval at the next meeting.

ARTICLE VI: RESPONSIBILITIES

1. The Committee shall review, consider, and make a recommendation to the Board regarding the following:
    a. Monthly Reports:
        i. Financial Reports including: Activity Report, Investment Report, and Accounts Payable Report
        ii. A/R Aging and Collections Report
        iii. Preliminary Budget to Actual Report
    b. Quarterly Reports:
        i. Quarterly Billing Summary
        ii. Contract Commitments
        iii. Account Adjustments/Write offs
        iv. Account Aging: Over 120 Days with Balances Exceeding $100
    c. Annual Review:
        i. Budget and Budget Amendments
        ii. Investment Policy
        iii. Cash Reserve Policy
        iv. Employee Handbook
    d. Updates to the Agency's Conflict of Interest Code as needed
    e. Other administrative and financial review, such as consultant agreements, as needed

ARTICLE VII: ADMINISTRATION

1. Agency staff shall prepare the agenda for each regular and special meeting of the Committee.
2. These Bylaws shall be reviewed annually for recommended updates or more often if requested by the Committee and/or the Board.

EXHIBIT "A"

PAJARO VALLEY WATER MANAGEMENT AGENCY

ADMINISTRATION AND FINANCE COMMITTEE BYLAWS

ARTICLE I: PURPOSE

The purpose of the Administration and Finance Committee ("Committee") is to advise the Board of Directors ("Board") and staff of the Pajaro Valley Water Management Agency ("Agency") on administrative and financial oversight for the organization.

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3. The Chair or Vice Chair may call a special meeting of the Committee after proper notification.

4. A majority of the members of the Committee constitutes a quorum of the Committee.
5. Any decision of the Committee and/or recommendation to the Board shall require a majority vote by the members present for passage.
6. Every member shall have one vote.
7. Meetings shall be open to the public and members of other governmental agencies. Visitors may express their opinions or make requests during public comment.
8. All meetings shall be conducted pursuant to *Rosenberg's Rules of Order*.
9. Minutes shall be taken at every meeting and shall be considered for approval at the next meeting.

ARTICLE VI: RESPONSIBILITIES

1. The Committee shall review, consider, and make a recommendation to the Board regarding the following:
    a. Monthly Reports:
        i. Financial Reports including: Activity Report, Investment Report, and Accounts Payable Report
        ii. A/R Aging and Collections Report
        iii. Preliminary Budget to Actual Report
    b. Quarterly Reports:
        i. Quarterly Billing Summary
        ii. Contract Commitments
        iii. Account Adjustments/Write offs
        ~~iii.~~iv. Account Aging: Over 120 Days with Balances Exceeding $100
    c. Annual Review:
        i. Budget and Budget Amendments
        ii. Investment Policy
        iii. Cash Reserve Policy
        iv. Employee Handbook
    d. Updates to the Agency's Conflict of Interest Code as needed
    e. Other administrative and financial review, such as consultant agreements, as needed

ARTICLE VII: ADMINISTRATION

1. Agency staff shall prepare the agenda for each regular and special meeting of the Committee.
2. These Bylaws shall be reviewed annually for recommended updates or more often if requested by the Committee and/or the Board.

MEMORANDUM

DATE: January 10, 2025
MEETING OF: January 15, 2025
TO: Board of Directors
FROM: General Manager
RE: **INFORMATIONAL ITEM 10A:** Receive Projects & Programs Update

---

BACKGROUND

Staff prepares the following report 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
    - Department of Conservation (DoC) Multibenefit Land Repurposing Grant, $8.89 million: Staff and consultants have been meeting monthly with DoC staff and the Statewide Support Entity (SSE): staff are continuing to work with Regional Block Grant partners to finalize sub-grantee agreements; staff are in discussions with a consultant regarding the scope of work for Multibenefit Land Repurposing Plan support services; staff received payment for Invoice No. 2 in the amount of $856,651.45 (these are "pass-through" funds that will be sent to Regional Block Grant Partner, the Land Trust of Santa Cruz County for its fee title acquisition of the "Beach Ranch" property).
    - DWR Watershed Resilience Pilot Grant, $2 million: Work on the watershed delineation and watershed network development continues; staff and the support team continue to meet with DWR staff and with representatives of the four other cohorts to discuss various aspects of the program; staff submitted Invoice No. 2 in the amount of $2,622 on December 2, 2024.
- College Lake Integrated Resources Management Project
    - Construction:
        - Water Treatment Plant & Intake Facility
            - Work continues on the Intake Facility and Water Treatment Plant, and on January 8th & 9th PG&E installed a new power pole at 76 Holohan Road to provide power to the Water Treatment Plant; commissioning meetings are ongoing.
        - Supplemental Well No. 4 (SW4)
            - Work on SW4 is anticipated to resume on January 14 with the installation of the conductor casing at the new location; reverse rotary drilling is anticipated to begin on or about January 21.
        - Treated Water Pipeline
            - The contractor conducted the pressure test of the completed pipeline, it passed; the next step will be flushing the pipeline; staff

and consultants are working to close emergency permits associated with work at the Salsipuedes Creek Crossing.
    - Due to a cultural resource discovery, Caltrans is requiring PV Water to excavate a portion of the roadway to search for additional artifacts; this work is not currently scheduled.
  - Environmental: Biological, Cultural, and Native American resource monitoring is taking place as needed, and worker environmental training continues as needed.
  - Adaptive Management Plan: Hydrologic monitoring, waterfowl monitoring, and steelhead surveys occurred this year and/or continue to occur. Waterfowl surveys were conducted on at least 24 separate days in 2024. Vegetation surveys were conducted in late October. Fisheries surveys were also completed. PV Water staff and YSI Inc. installed two water quality monitoring stations in December as part of the College Lake Project Water Quality Monitoring Plan. The stations are providing continuous water quality data while deployed.
  - Outreach Activities: Staff continue to post information about the project online. Please check https://www.pvwater.org/construction regularly for construction related updates.
- Watsonville Slough System Managed Aquifer Recharge & Recovery Projects
  - Permitting: Staff received the final biological assessment report for the project and are continuing to review the addendum to the Environmental Impact Report.
  - Design: The consultant has completed the 100% Design Package.
  - Environmental: Permitting work and CA Red Legged Frog mitigation site design is underway.
  - Outreach: Communications are ongoing; staff and the support team issued offer letters to a majority of property owners in the last month and have been meeting with them in the time since.

FISCAL IMPACT

There is no fiscal impact associated with this monthly update.

STAFF RECOMMENDATION

The Board receives the update.

ATTACHMENTS

- None

MEMORANDUM

DATE: January 10, 2025
MEETING OF: January 15, 2025
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION/ACTION ITEM 11A:** Consider Accepting and Filing Annual Financial Reports for Fiscal Year ended June 30, 2024

BACKGROUND

C.J. Brown & Company CPAs has audited the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Pajaro Valley Water Management Agency (PV Water) as of and for the fiscal year ended June 30, 2024.

The draft Financial Report results in an unqualified opinion, revealing that the PV Water's financial statements are presented fairly and are found to be in conformity with generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

C.J. Brown & Company CPAs also conducted a Single Audit of PV Water's financial statements. The Code of Federal Regulations (CFR) Section 200.501 requires a Single Audit for recipients who expend $750,000 or more in federal awards. PV Water's WIFIA loan disbursements trigger this requirement.

Jonathan Abadesco, CPA, with C.J. Brown & Company CPAs will present the Financial Statements at the meeting and answer questions.

FISCAL IMPACT

There is no new fiscal impact associated with accepting and filing the annual Financial Report for Fiscal Year ended June 30, 2024. During its May 2024 meeting, the Board approved a Letter of Engagement with C.J. Brown & Company CPAs in an amount not to exceed agreement in the amount of $32,853 "with financial statement audit fee of $22,884, single audit fee of $7,844, out of pocket expenses not exceeding $1,500, and preparation of the Agency's annual State Controller's Report for $625).

STAFF RECOMMENDATION

The Board accept and file the annual Financial Reports for Fiscal Year ended June 30, 2024.

The Administration & Finance Committee reviewed the Financial Reports during its January 7, 2025, meeting, and voted in favor of recommending the Board accept and file the annual Financial Reports for Fiscal Year ended June 30, 2024.

ATTACHMENTS

- Draft Financial Reports for Fiscal Year ended June 30, 2024

Pajaro Valley
Water Management Agency

Pajaro Valley Water Management Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

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Mission Statement

"Pajaro Valley Water Management Agency mission is to achieve sustainable groundwater resources in the Pajaro Valley for our vibrant agricultural, commercial, industrial, and residential communities for today and future generations."

"Pajaro Valley Water Management Agency is a state-chartered water management district formed to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft. We also work to provide and ensure sufficient water supplies for present and future anticipated needs within our boundaries, generally the greater coastal Pajaro Valley."

Pajaro Valley Water Management Agency

Board of Directors as of June 30, 2024

Name	Title	Elected/ Appointed	Area Served
Amy Newell	Chair	Elected	Division C
Stephen Rider	Vice Chair	Elected	Division B
Bob Culbertson	Treasurer	Elected	Division D
Mary Bannister	Director	Elected	Division A
Javier Zamora	Director	Appointed	County of Monterey
Tom Broz	Director	Appointed	County of Santa Cruz
Abel Sanchez	Director	Appointed	City of Watsonville

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Pajaro Valley Water Management Agency
Brian Lockwood, General Manager
36 Brennan Street
Watsonville, California 95076-4303
(831) 722-9292 – www.pvwater.org

Pajaro Valley Water Management Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

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Pajaro Valley Water Management Agency
Annual Financial Report
For the Fiscal Year Ended June 30, 2024

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Financial Section

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Independent Auditor's Report

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each of the major funds of the Pajaro Valley Water Management Agency (Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each of the major funds of the Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Agency's fiscal year ended June 30, 2023, financial statements, and we expressed on unmodified audit opinion on those audited financial statements in our report dated January 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 42 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Pajaro Valley Water Management Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The Agency's net position increased 10.09% or $8,754,758 to $95,513,406 from ongoing operations.
- The Agency's total revenues increased 33.28% or $5,437,879 to $21,778,696.
- The Agency's total expenses increased 29.41%, or $2,959,690 to $13,023,938.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency. All of the year's revenues and expenses are accounted for in the Statement of Activities. This statement can be used to determine the Agency's net operating reserves and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Agency in a way that helps answer this question. These statements use the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These two statements report the Agency's *net position* and changes in it. Think of the Agency's net position – assets and deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the Agency's financial health or *financial position*. Over time, *increases or decreases* in the Agency's net position is one indicator of whether its *financial health* is improving or deteriorating; however, one will need to consider other non-financial factors to assess the *overall health* of the Agency.

Governmental Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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Governmental Fund Financial Statements, continued

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains four individual governmental funds. Information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General, Special Revenue, Capital Projects, and Debt Service funds.

The fund financial statements can be found on pages 13 through 16 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 17 through 41.

Government-wide Financial Analysis

A summary of the Statements of Net Position is as follows:

Condensed Statements of Net Position

	2024	2023	Change
Assets:			
Current assets	$ 25,322,520	61,368,768	(36,046,248)
Non-current assets	256,327	303,406	(47,079)
Capital assets, net	147,547,062	94,114,914	53,432,148
Total assets	173,125,909	155,787,088	17,338,821
Deferred outflows of resources	927,751	933,080	(5,329)
Liabilities:			
Current liabilities	10,900,564	9,634,435	1,266,129
Non-current liabilities	67,292,351	59,859,274	7,433,077
Total liabilities	78,192,915	69,493,709	8,699,206
Deferred inflows of resources	347,339	467,811	(120,472)
Net position:			
Net investment in capital assets	80,670,991	74,798,359	5,872,632
Restricted	348,259	335,191	13,068
Unrestricted	14,494,156	11,625,098	2,869,058
Total net position	$ 95,513,406	86,758,648	8,754,758

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Government-wide Financial Analysis, continued

The Agency's current assets decreased by 58.74% or $36,046,248 due to the utilization of cash proceeds from the 2023 Water Revenue Certificate of Participation (COP) for the purpose of financing the Agency's College Lake Project.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $95,513,406 as of June 30, 2024. A large portion of the Agency's net position ($80,670,991 or 84.46%) reflects its investment in capital assets (net of accumulated depreciation); less any related debt used to acquire those assets that are still outstanding. The Agency uses these capital assets for operations; consequently, these assets are *not* available for future spending. At the end of fiscal year 2024, the Agency reflected a positive balance in its unrestricted net position of $14,494,156 that may be utilized in future years. See note 12 to the financial statements for further information.

A summary of the Statements of Activities is as follows:

Condensed Statements of Activities

	2024	2023	Change
Revenues:			
Program revenues:			
Charge for services	$ 13,822,188	12,939,454	882,734
Capital grants and contributions	5,612,452	2,525,638	3,086,814
Total program revenues	19,434,640	15,465,092	3,969,548
General revenues:			
Management fees	375,546	371,975	3,571
Investment earnings	1,852,509	403,547	1,448,962
Other revenues	116,001	100,203	15,798
Total general revenues	2,344,056	875,725	1,468,331
Total revenues	21,778,696	16,340,817	5,437,879
Expenses:			
Water basin management	10,854,334	9,542,006	1,312,328
Interest on long-term debt	2,169,604	522,242	1,647,362
Total expenses	13,023,938	10,064,248	2,959,690
Changes in net position	8,754,758	6,276,569	2,478,189
Net position, beginning of year	86,758,648	80,482,079	6,276,569
Net position, end of year	$ 95,513,406	86,758,648	8,754,758

The Statement of Activities shows how the Agency's net position changed during the fiscal year. In the case of the Agency, net position increased 10.09% or $8,754,758 to $95,513,406, as a result of ongoing operations.

The Agency's total revenues from all sources increased 33.28% or $5,437,879 to $21,778,696. Program revenues increased $3,969,548 due primarily to increases of $3,086,814 in capital grants and contributions, and $882,734 in charge for services.

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Government-wide Financial Analysis, continued

General revenues increased $1,468,331 due primarily to increases of $1,448,962 in investment returns, $15,798 in other revenues; which were offset by a decrease of $3,571 in management fees. The Agency's total expenses increased 29.41% or $2,959,690 to $13,023,938 due primarily to increases of $1,312,328 in water basin management and $1,647,362 in interest on long-term debt.

Governmental Fund Financial Analysis

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2024:

Condensed Changes in Fund Balance - Governmental Fund

		General	Special Revenue	Capital Projects	Debt Service	Total Fund Balance
Fund balance, beginning of year	$	3,800,696	16,532,778	33,406,065	340,512	54,080,051
Changes in fund balance		412,684	2,452,848	(39,928,904)	14,108	(37,049,264)
Fund balance, end of year	$	4,213,380	18,985,626	(6,522,839)	354,620	17,030,787

In 2024, total fund balance decreased by 68.51% or $37,049,264 to $17,030,787, largely due to expenditures for construction of capital projects. The General fund increased by 10.86% or $412,684 to $4,213,380; the Special Revenue fund increased by 14.84% or $2,452,848 to $18,985,626; the Capital Projects fund decreased by 119.53% or $39,928,904 to a deficit of $(6,522,839); and the Debt Service fund increased by 4.14% or $14,108 to $354,620.

Budgetary Highlights

The budget for fiscal year 2023-2024 is based on the following economic factors and assumptions:

From July 1, 2023, through November 30, 2023, groundwater augmentation charges were $282 per acre-foot (AF) of pumped groundwater outside the delivered water zone. Within the delivered water zone, the groundwater augmentation charge was $391/AF, and the delivered water charge was $432/AF Rural residential users with unmetered wells paid an estimated 0.5 AF/year of water usage at a rate of $132 per residence.

From December 1, 2023, through June 30, 2024, groundwater augmentation charges were $302/AF of pumped groundwater outside the delivered water zone. Within the delivered water zone, the pumped ground water charge was $420/AF, and the delivered water charge was $454/AF. Rural residential users with unmetered wells paid an estimated 0.5 AF/year of water usage at a rate of $142 per residence.

The final actual expenditures for the year ended June 30, 2024 was less than budgeted by $96,927 for the General Fund, less than budgeted by $1,259,774 for the Special Revenue fund, less than budgeted by $6,580,424 for the Capital Projects fund. Actual revenues for the year ended June 30, 2024, were more than the anticipated budget by $36,807 for the General Fund, more than the anticipated budget by $964,337 for the Special Revenue fund, less than the anticipated budget by $177,955 for the Capital Projects fund. and more than the anticipated budget by $14,108 for the Debt Service fund.

For the year ended June 30, 2024, the final amended budgeted expenditures were reduced by $76,050 for the General Fund, reduced by $506,868 for Special Revenue Fund, reduced by $17,793,002 for the Capital Projects Fund, and reduced by $48,431 for the Debt Service Fund. For the year ended June 30, 2024, the final amended budgeted revenues were increased by $75,000 for General Fund, increased by $512,000 for the Special Revenue Fund and increased by $1,000,000 for the Capital Projects Fund. (See Budgetary Comparison Schedule under the Required Supplementary Information section on pages 42 through 46).

Capital Asset Administration

The change in capital asset amounts for the year was as follows:

		Balance 2023	Additions	Deletions	Balance 2024
Non-depreciable assets	$	30,186,755	56,717,575	-	86,904,330
Depreciable assets		106,655,601	80,005	(15,000)	106,720,606
Accumulated depreciation		(42,727,442)	(3,365,432)	15,000	(46,077,874)
Total capital assets, net	$	94,114,914	53,432,148	-	147,547,062

At the end of fiscal year 2024, the Agency's investment in capital assets (net of accumulated depreciation) amounted to $147,547,062. The investment in capital assets includes Harkins Slough project, Accelerated Pipeline project, Coastal distribution system, Buildings and improvements, Vehicle, Office and field equipment, Furniture and fixtures, Capacity rights – Recycled Water Facility, Right to use asset, and Other assets. See note 4 to the financial statements for further information.

Debt Administration

		Balance 2023	Additions	Principal Payment	Balance 2024
Note payable	$	2,861,727	-	(285,379)	2,576,348
Loan payable		-	9,281,567	-	9,281,567
Certificate of participation		40,612,948	-	-	40,612,948
Bond payable		16,295,681	-	(1,998,948)	14,296,733
Total long-term debt	$	59,770,356	9,281,567	(2,284,327)	66,767,596

In 2024, long-term debt increased by $9,281,567, due to the proceeds received from the WIFIA credit agreement and decreased by $2,284,327 due to principal payments on outstanding debt. See note 8 to the financial statements for further information.

Lease Payable

		Balance 2023	Additions	Principal Payment	Balance 2024
Lease payable	$	159,147	-	(50,672)	108,475
Total lease payable	$	159,147	-	(50,672)	108,475

In 2022, the Agency implemented Government Accounting Standards Board (GASB) Statement No. 87 – *Leases*. During the year, lease payable decreased due to principal payments on lease payable of $50,672. See note 7 to the financial statements for further information.

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Conditions Affecting Current Financial Position

Management is unaware of any other conditions, which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Finance & Administrative Services Manager, Nancy Trevino, at Pajaro Valley Water Management Agency, 36 Brennan Street, Watsonville California 95076 or (831) 722-9292.

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Basic Financial Statements

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Pajaro Valley Water Management Agency
Statement of Net Position
June 30, 2024

		2024
Current assets:		
Cash and cash equivalents (note 2)	$	20,248,523
Cash and cash equivalents – restricted (note 2)		348,259
Accounts receivable, net		3,831,207
Grant receivable		538,600
Interest receivable		121,997
Other receivable		103,570
Prepaid expenses and other assets		83,285
Long-term asset – due within one year:		
Lease receivable (note 3)		47,079
Total current assets		25,322,520
Non-current assets:		
Capital assets – not being depreciated (note 4)		86,904,330
Depreciable capital assets, net (note 4)		60,642,732
Long-term asset – due within one year:		
Lease receivable (note 3)		256,327
Total non-current assets		147,803,389
Total assets		173,125,909
Deferred outflows of resources:		
Deferred pension outflows (note 9)		927,751
Total deferred outflows of resources	$	927,751

Continued on next page

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Statement of Net Position, continued
June 30, 2024

	2024
Current liabilities:	
Accounts payable	$ 8,174,219
Accrued wages payable	62,307
Accrued interest	757,866
Unearned revenue	8,128
Long-term liabilities – due within one year:	
Compensated absences (note 6)	94,521
Note payable (note 8)	291,533
Bonds payable (note 8)	1,460,000
Lease payable (note 8)	51,990
Total current liabilities	10,900,564
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (note 6)	283,563
Net pension liability (note 9)	1,936,240
Note payable (note 8)	2,284,815
WIFIA payable (note 8)	9,281,567
Certificate of participation (note 8)	40,612,948
Bonds payable (note 8)	12,836,733
Lease payable (note 8)	56,485
Total non-current liabilities	67,292,351
Total liabilities	78,192,915
Deferred inflows of resources:	
Deferred pension inflows (note 9)	82,136
Deferred rent revenue	265,203
Total deferred inflows of resources	347,339
Net position: (note 11)	
Net investment in capital assets	80,670,991
Restricted	348,259
Unrestricted	14,494,156
Total net position	$ 95,513,406

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Charge for Services	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Governmental activities:				
Water basin management	$ 10,854,334	13,822,188	5,612,452	8,580,306
Interest on long-term debt	2,169,604	-	-	(2,169,604)
Total governmental activities	$ 13,023,938	13,822,188	5,612,452	6,410,702
General revenues:				
Management fees				$ 375,546
Investment earnings				1,852,509
Other revenue				116,001
Total general revenues				2,344,056
Changes in net position				8,754,758
Net position, beginning of year				86,758,648
Net position, end of year				$ 95,513,406

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Balance Sheet
June 30, 2024

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Fund
Assets:					
Cash and cash equivalents	$ 4,163,400	16,078,566	196	6,361	20,248,523
Restricted cash	-	-	-	348,259	348,259
Accounts receivable	21,339	3,809,868	-	-	3,831,207
Grants receivable	-	538,600	-	-	538,600
Interest receivable	26,112	95,885	-	-	121,997
Other receivable	-	103,570	-	-	103,570
Prepaid expenses	41,095	42,190	-	-	83,285
Total assets	$ 4,251,946	20,668,679	196	354,620	25,275,441
Liabilities:					
Accounts payable	$ 31,927	1,626,939	6,515,353	-	8,174,219
Accrued wages payable	235	54,390	7,682	-	62,307
Unearned revenues	6,404	1,724	-	-	8,128
Total liabilities	38,566	1,683,053	6,523,035	-	8,244,654
Fund balance: (note 12)					
Non-spendable	41,095	42,190	-	-	83,285
Restricted	-	-	-	354,620	354,620
Committed	1,425,238	15,294,160	68,697,164	-	85,416,562
Assigned	378,084	-	-	-	378,084
Unassigned	2,368,963	3,649,276	(75,220,003)	-	(69,201,764)
Total fund balance	4,213,380	18,985,626	(6,522,839)	354,620	17,030,787
Total liabilities and fund balance	$ 4,251,946	20,668,679	196	354,620	25,275,441

Continued on next page

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position
June 30, 2024

Reconciliation:

Fund balance of governmental fund	$	17,030,787
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term assets used in governmental activities are not current financial resources and, therefore, not in the governmental fund balance sheet. However, the Statement of Net Position includes those capital position among the assets of the Agency as a whole.		
Capital assets, net		147,547,062
Lease receivable		303,406
Deferred pension outflow		927,751
Long-term liabilities applicable to the Agency are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Accrued interest		(757,866)
Compensated absences		(378,084)
Note payable		(2,576,348)
Loan payable		(9,281,567)
Certificate of Participation		(40,612,948)
Bonds payable		(14,296,733)
Lease payable		(108,475)
Net pension liability		(1,936,240)
Deferred pension inflow		(82,136)
Deferred rent inflow		(265,203)
Net position of governmental activities	$	95,513,406

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Pajaro Valley Water Management Agency
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Fund
Revenues:					
Charge for services:					
Augmentation charges	$ -	11,905,845	-	-	11,905,845
Water sales	-	1,961,944	-	-	1,961,944
Capital grants and contributions	-	5,612,452	-	-	5,612,452
Management fees	375,546	-	-	-	375,546
Interest return	192,223	824,133	822,045	14,108	1,852,509
Other income	104,038	11,963	-	-	116,001
Total revenues	671,807	20,316,337	822,045	14,108	21,824,297
Expenditures:					
Office administration	200,419	939,681	-	-	1,140,100
Board support	36,128	-	-	-	36,128
Education and outreach	8,276	121,937	-	-	130,213
Special projects outreach	14,300	-	-	-	14,300
Grant administration	-	118,966	-	-	118,966
Conservation	-	389,099	-	-	389,099
Harkins Slough facility	-	242,780	-	-	242,780
Coastal distribution system	-	1,242,654	-	-	1,242,654
Supplemental water (In-Basin)	-	580,631	-	-	580,631
BMP network improvements	-	-	19,968	-	19,968
Recycled water facility	-	2,518,047	-	-	2,518,047
Metering program	-	457,897	-	-	457,897
Basin modeling	-	105,002	-	-	105,002
Basin monitoring	-	203,527	-	-	203,527
In-Basin management plan	-	99,647	-	-	99,647
Regional water management plan	-	8,264	-	-	8,264
Out-of-Basin funding	-	201,101	-	-	201,101
In-Basin funding	-	17,693	-	-	17,693
Harkins Slough recharge facilities	-	-	1,195,603	-	1,195,603
College Lake project	-	-	54,487,661	-	54,487,661
Watsonville Slough & North Dunes	-	-	1,014,344	-	1,014,344
Debt service:					
Principal	-	-	-	2,075,379	2,075,379
Interest	-	-	-	1,856,124	1,856,124
Total expenditures	259,123	7,246,926	56,717,576	3,931,503	68,155,128
Excess(deficiency) of revenues over expenditures	412,684	13,069,411	(55,895,531)	(3,917,395)	(46,330,831)
Other financing sources(uses):					
Proceeds from debt	-	-	9,281,567	-	9,281,567
Operating transfers in (note 5)	-	-	6,685,060	3,931,503	10,616,563
Operating transfers out (note 5)	-	(10,616,563)	-	-	(10,616,563)
Total other financing sources(uses)	-	(10,616,563)	15,966,627	3,931,503	9,281,567
Changes in fund balance	412,684	2,452,848	(39,928,904)	14,108	(37,049,264)
Fund balance, beginning of year	3,800,696	16,532,778	33,406,065	340,512	54,080,051
Fund balance, end of year	$ 4,213,380	18,985,626	(6,522,839)	354,620	17,030,787

See accompanying notes to the basic financial statements

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Pajaro Valley Water Management Agency
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Reconciliation:

Net change in fund balance of governmental fund	$ (37,049,264)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures; however, in the Statement of Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, the amounts are as follows:	
Capital outlay	56,797,580
Current year depreciation	(3,365,432)
Lease receivable reported in the Statement of Net Position do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds as follows:	
Lease receivable	(45,601)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of governmental funds. However, neither transaction has any effect on the Statement of Activities. In the current period, the amounts are as follows:	
Proceeds from debt financing	(9,281,567)
Principal payments on note payable	285,379
Principal payments on bond payable	1,790,000
Principal payments of lease payable	50,672
Amortization of bond premium	208,948
Net pension liability and deferred outflows (inflows) reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:	
Deferred pension outflows	(5,329)
Deferred pension inflows	25,463
Deferred rent inflows	95,009
Net pension liabilities	(202,918)
Compensated absences reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(25,754)
Changes in net position of governmental activities	$ 8,754,758

See accompanying notes to the basic financial statements

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(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Pajaro Valley Water Management Agency (Agency) was formed in 1984 to provide integrated management of the ground and surface water resources within the Pajaro Basin. The Agency is responsible for the management and augmentation of the water supplies for domestic, agricultural, municipal, and industrial purposes. In 1980, the State Department of Water Resources issued Bulletin 118-80, which identified 447 separate groundwater basins, sub-basins, and areas of potential groundwater storage throughout the State. The Agency's boundaries include the communities of Division A (Corralitos and La Selva Beach), Division B (Freedom), Division C (Watsonville and Pajaro), and Division D (Las Lomas, Moss Landing, and Aromas) and encompasses the Pajaro Watershed. The Agency is governed by a Board of Directors made up of seven members elected or appointed by qualified voters. The Agency is the "Groundwater Sustainability Agency" for the Pajaro Valley Subbasin under the Sustainable Groundwater Management Act (2014).

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Agency are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the Agency are to be reported in three categories, if applicable: 1) charge for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charge for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements. The Agency has presented its General Fund as its major fund in these statements to meet the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Governmental Fund Financial Statements, continued

Accordingly, revenues are recorded when received in cash, except revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the Agency are property taxes and assessments, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Agency or meets the following criteria:

a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined; or

c) The entity has determined that a fund is important to financial statement users.

The Agency reports the following major governmental funds:

- **General Fund** – a government's primary operating fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund when necessary.
- **Special Revenue Fund** – accounts for revenues derived from specific sources, which are usually required by law or regulation, to be accounted for in separate funds.
- **Debt Service Fund** – accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- **Capital Projects Fund** – accounts for the financial resources to be used for the acquisition or construction of major capital facilities and infrastructure improvements.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles applicable to governmental entities.

The Agency has adopted the following GASB pronouncements in the current year:

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

3. Investments and Investment Policy

The Agency has adopted an investment policy to deposit and invest funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the Agency.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable and Allowance for Uncollectible Accounts

The Agency periodically evaluates receivables for collectability on an individual account basis and records an allowance for any amounts determined to be uncollectible.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

5. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

6. Lease receivables

Lease receivables are measured at the present value of payments expected to be received during the lease term.

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances, and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings and improvements – 15 to 30 years
- Infrastructure – 80 years
- Equipment – 5 to 25 years
- Vehicles – 7 to 10 years
- Furniture and fixtures – 5 years
- Water rights – Recycle Water Facility – 25 years

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources that is applicable to future periods.

9. Compensated Absences

The Agency allows employees to accrue vacation, sick, and compensation time based on an employee's hourly rate at year end. Upon termination of an employee, the Agency is required to pay accrued vacation, sick, and compensation time to a maximum of 360 hours, 720 hours, and 80 hours, respectively.

Accumulated vacation, sick, and compensation time are recorded as an expense and a liability in the government-wide financial statements at the time the liability is incurred.

10. Lease Payables

Lease payables are measured at the present value of payment expected to be made during the lease term.

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources that is applicable to future periods.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

12. Pensions

For purposes of measuring net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans), and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation date: June 30, 2022
- Measurement date: June 30, 2023
- Measurement period: July 1, 2022 to June 30, 2023

13. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets* components of net position.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

14. Fund Balance

The governmental fund financial statements report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Agency is bound to honor constraints on how specific amounts can be spent.

- **Non-spendable** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – amounts that can only be used for specific purposes determined by formal action of the Agency's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned** – amounts that are constrained by the Agency's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the Agency's special revenue funds.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

15. Fund Balance, continued

- **Unassigned** – the residual classification for the Agency's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditure incurred for specific purposes exceeds the amounts restricted, committed, or assigned for those purposes.

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by approving contractual commitments, an ordinance, or a resolution. This is done through adoption of a budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The Agency believes that sound financial management principles require that sufficient funds be retained by the Agency to provide a stable financial base at all times. To retain this stable financial base, the Agency needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the Agency and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance classifications are considered unrestricted.

The purpose of the Agency's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

16. Management Fees

Management fees are billed by Santa Cruz, San Benito, and Monterey counties. Management fees are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The counties bill and collect management fees and remit them to the Agency.

17. Ground Augmentation Charges

Ground Augmentation Charges, based on quantity of groundwater pumped, are billed and collected in two ways. Unmetered or rural residential accounts are billed annually by the Agency on June 30. Delinquent accounts are turned over to a collection agency after other recovery efforts have been exhausted. Metered accounts are billed quarterly by the Agency. Large delinquent accounts are collected through litigation after other recovery efforts have been exhausted.

All collected groundwater augmentation charge revenues are recorded in the Special Revenue fund accounts. All capital construction costs are paid with augmentation charges, grants, loans, and debt issuances.

18. Water Sales

Delivered water charge is collected for water delivered through the constructed project. This revenue is recorded in the Special Revenue fund accounts and spent in accordance with the Agency's Fund Accounting Policy.

19. Capital Contributions

Capital contributions represent cash and capital asset contributed to the Agency by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

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(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

20. Budgetary Policies

The Agency's Board of Directors annually adopts a non-appropriated budget for the Agency. The Board of Directors' action is required for the approval of budget revisions.

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

		2024
Cash and cash equivalents	$	20,248,523
Cash and cash equivalents - restricted		348,259
Total cash and investments	$	20,596,782

Cash and investments as of June 30 consist of the following:

		2024
Cash on hand	$	225
Deposits with financial institutions		9,823,843
Local Agency Investment Fund (LAIF)		10,772,714
Total	$	20,596,782

As of June 30, the Agency's authorized deposits had the following average maturities:

	2024
Deposits held with the California Local Agency Investment Fund (LAIF)	260 days

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized for the Agency by the California Government Code as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
Federal Agency and Bank Obligations	None	50%	None
Local Agency Bonds	5 years	None	None
Certificates of Deposits	5 years	None	None
Negotiable Certificates of Deposits	5 years	30%	25%
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	20%	10%
Money market mutual funds	N/A	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

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(2) Cash and Investments, continued

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of $1,000.
- Withdrawals of $10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Of the bank balance, up to $250,000 held at each institution are federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

Interest Rate Risk

Interest rate risk is the risk that the change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the change in market interest rates. It is the Agency's policy to structure its investment portfolio with securities whose maturity date is compatible with cash flow requirements, which will permit easy and rapid conversion into cash without substantial loss of value and will enable the Agency to meet all operating requirements which can be reasonably anticipated. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The policy is designed to minimize the interest rate risk. The Agency had no investments in debt instruments that would be subject to interest rate risk.

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(2) Cash and Investments, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency's investment in LAIF is not rated.

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of the Agency's total investments at June 30, 2024.

(3) Lease Receivable

Lease receivable at June 30 consists of the following:

	Balance 2023	Additions	Rent	Balance 2024	Current Portion	Non-Current Portion
Lease receivable:						
Gem-Pack Berries, LLC	$ 85,073	-	(7,336)	77,737	7,813	69,924
J.E. Farms, Inc.	263,934	-	(38,265)	225,669	39,266	186,403
Total lease receivable	$ 349,007	-	(45,601)	303,406	47,079	256,327

Gem-Pack Berries, LLC

On April 2022, the Agency entered into a lease agreement with Gem-Pack Berries, LLC (Tenant). The Agency has agreed to lease real property consisting of approximately 7.5 acres of farmable area. The term of the lease is for a 10-year period, commencing on January 2022 and terminating on December 2031. The Tenant agrees to pay $9,000 for 2022, which is subsequent adjusted thereafter annually by the change in Bay Area CPI All Urban Consumers Index. During the year, the Agency recognized inflows of resource of $8,945.

Future lease payments to be received are as follows:

Fiscal Year	Rent	Interest	Total
2025	$ 7,813	2,021	9,834
2026	8,312	1,818	10,130
2027	8,832	1,602	10,434
2028	9,374	1,372	10,746
2029	9,940	1,129	11,069
2029-2032	33,466	1,773	35,239
Total	77,737	9,715	87,452
Current	(7,813)		
Non-current	$ 69,924		

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(3) Lease Receivable, continued

J.E. Farms, Inc.

On June 2022, the Agency purchase land with an existing lease agreement with J.E. Farms, Inc. (J.E. Farms). The lease agreement is for real property consisting of approximately 17.0 acres agricultural land. The term of the lease is for an 8-year period, commencing on July 2021 and terminating on June 2029. J.E. Farms agrees to pay $44,880 per year for the 1st four years of the lease and $49,368 per year for the 2nd four years of the lease. Rent is due in two installments on July 1st and January 1st of each year. During the year, the Agency recognized inflows of resource of $21,516.

Future lease payments to be received are as follows:

Fiscal Year	Rent	Interest	Total
2025	$ 39,266	5,614	44,880
2026	44,811	4,557	49,368
2027	45,984	3,384	49,368
2028	47,187	2,181	49,368
2029	48,421	946	49,367
Total	225,669	16,682	242,351
Current	(39,266)		
Non-current	$ 186,403		

(4) Capital Assets

The change in capital assets for fiscal year 2024 was as follows:

	Balance 2023	Additions	Deletions	Balance 2024
Non-depreciable assets:				
Land	$ 5,308,863	2,028	-	5,310,891
Easements	1,247,132	224,398	-	1,471,530
Construction in progress	23,630,760	56,491,149	-	80,121,909
Total non-depreciable assets	30,186,755	56,717,575	-	86,904,330
Depreciable assets:				
Harkins Slough project	20,746,906	-	-	20,746,906
Accelerated pipeline project	8,207,481	-	-	8,207,481
Coastal distribution system	40,079,571	-	-	40,079,571
Buildings and improvements	459,235	-	-	459,235
Vehicle	320,571	80,005	(15,000)	385,576
Office and field equipment	239,932	-	-	239,932
Furniture and fixtures	454	-	-	454
Capacity rights - Recycled Water Facility	36,310,343	-	-	36,310,343
Right to use asset	253,908	-	-	253,908
Other assets	37,200	-	-	37,200
Total depreciable assets	106,655,601	80,005	(15,000)	106,720,606
Accumulated depreciation	(42,727,442)	(3,365,432)	15,000	(46,077,874)
Total depreciable assets, net	63,928,159	(3,285,427)	-	60,642,732
Total capital assets, net	$ 94,114,914			147,547,062

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(4) Capital Assets

Major depreciable capital asset additions during fiscal year 2024 include the additions to vehicle.

Construction-in-Process

The Agency has been involved in various construction projects throughout the year. Projects that comprise construction-in-process balances at June 30 are as follows:

	2024
College Lake integrated resource management	$ 73,383,647
Watsonville Slough project with recharge basin	3,194,103
Harkins Slough facility upgrade	3,192,620
Other construction-in-process	351,539
Total construction-in-process	$ 80,121,909

(5) Interfund Transactions

Interfund transfers generally are made for the purpose of capital project and debt service payments; these payments are made from the capital project and debt service funds and funded through the special revenue fund.

Transfers between funds during the year were as follows:

	Transfer In	Transfer Out
Special revenue	$ -	10,616,563
Debt service	3,931,503	-
Capital projects	6,685,059	-
Total	$ 10,616,562	10,616,563

(6) Compensated Absences

The change to compensated absences at June 30 was as follows:

Balance 2023	Earned	Taken	Balance 2024	Current Portion	Long-term Portion
$ 352,330	143,230	(117,476)	378,084	94,521	283,563

(7) Lease Payable

	Balance 2023	Additions	Rent	Balance 2024	Current Portion	Non-Current Portion
Lease payable:						
Avatel	$ 16,622	-	(4,378)	12,244	4,492	7,752
Arnold LLC	142,525	-	(46,294)	96,231	47,498	48,733
Total lease payable	$ 159,147	-	(50,672)	108,475	51,990	56,485

(7) Lease Payable, continued

Avatel

On February 2022, the Agency entered into a lease agreement with Avatel Technologies (Avatel). Avatel has agreed to lease communications equipment to the Agency. The term of the lease is for a 5-year period, commencing on March 2022 and terminating on February 2027. The Agency agrees to pay $396 per month plus applicable taxes.

Principal and interest requirements to maturity are as follows:

Fiscal Year		Rent	Interest	Total
2025	$	4,492	265	4,757
2026		4,611	147	4,758
2027		3,141	31	3,172
Total		12,244	443	12,687
Current		(4,492)		
Non-current	$	7,752		

Arnold LLC

On March 2022, the Agency entered into a lease agreement with Arnold LLC (Arnold). Arnold has agreed to lease a well, located in Santa Cruz County, to the Agency. The term of the lease is for a 5-year period, commencing on January 2022 and terminating on December 2026. The Agency agrees to pay $50,000 per year and additional charges for groundwater pumped in excess of 150 acre-feet per year.

Principal and interest requirements to maturity are as follows:

Fiscal Year		Rent	Interest	Total
2025	$	47,498	2,502	50,000
2026		48,733	1,267	50,000
Total		96,231	3,769	100,000
Current		(47,498)		
Non-current	$	48,733		

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(8) Long-Term Debt

Changes in long-term debt at June 30 were as follows:

	Balance 2023	Additions	Payments	Balance 2024	Current Portion	Non-Current Portion
Notes payable:						
Department of Water Resources	$ 1,066,343	-	(227,127)	839,216	232,698	606,518
Clean Water State Revolving Fund	1,795,384	-	(58,252)	1,737,132	58,835	1,678,297
Total notes payable	2,861,727	-	(285,379)	2,576,348	291,533	2,284,815
Loan payable:						
WIFIA Credit Agreement	$ -	9,281,567	-	9,281,567	-	9,281,567
Total loan payable	-	9,281,567	-	9,281,567	-	9,281,567
Certificate of Participation (COP)						
2023 Water Revenue COP	40,390,000	-	-	40,390,000	-	40,390,000
Premium on COP	222,948	-	-	222,948	-	222,948
Total 2023 Water Revenue COP	40,612,948	-	-	40,612,948	-	40,612,948
Bonds payable:						
2015 Water Revenue Bonds	6,445,000	-	(1,290,000)	5,155,000	945,000	4,210,000
Premium on bonds	906,372	-	(157,632)	748,740	-	748,740
Total 2015 Water Revenue Bonds	7,351,372	-	(1,447,632)	5,903,740	945,000	4,958,740
2016 Water Revenue Bonds	8,290,000	-	(500,000)	7,790,000	515,000	7,275,000
Premium on bonds	654,309	-	(51,316)	602,993	-	602,993
Total 2016 Water Revenue Bonds	8,944,309	-	(551,316)	8,392,993	515,000	7,877,993
Total bonds payable	16,295,681	-	(1,998,948)	14,296,733	1,460,000	12,836,733
Total long-term debt	59,770,356	9,281,567	(2,284,327)	66,767,596	1,751,533	65,016,063
Less: current portion	(2,636,819)			(2,043,066)		
Non-current portion	$ 57,133,537			64,724,530		

Department of Water Resources

On June 15, 2005, the Agency entered into a promissory note with the Department of Water Resources (DWR) in the amount of $3,511,446. The loan proceeds were used for the construction of components of the Revised Basin Management Plan. Commencing on April 1, 2008, the note was payable in semi-annual installments of principal and interest of $111,049, with interest at 2.4%, maturing on September 30, 2027. On February 24, 2012, the Agency received $390,164 from the DWR related to unpaid retention and the repayment agreement was revised. Commencing on April 1, 2012, the note is payable in semi-annual installments of principal and interest of $125,708. There were no changes to the interest rate or maturity date.

Future debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 232,698	18,718	251,416
2026	238,276	13,139	251,415
2027	244,029	7,386	251,415
2028	124,213	1,495	125,708
Total	839,216	40,738	879,954
Current	(232,698)		
Non-current	$ 606,518		

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(8) Long-Term Debt, continued

Clean Water State Revolving Fund

In February 2016, the Agency was awarded grant and loan funding from the California State Water Resources Control Board (State Water Board) through a cooperative agreement (Agreement) with the loan amount totaling $1,978,522. The projects, under the grant and loan funding agreement, consist of increasing the recycled water storage and the addition of filtration and disinfection units at the recycled water treatment plant. Commencing on July 1, 2021, the note is payable in annual installments of principal and interest of $76,206, with interest at 1.0%, maturing on July 1, 2051.

Future debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 58,835	17,371	76,206
2026	59,423	16,783	76,206
2027	60,017	16,189	76,206
2028	60,617	15,589	76,206
2029	61,224	14,982	76,206
2030-2034	315,425	65,605	381,030
2035-2039	331,515	49,515	381,030
2040-2044	348,426	32,605	381,031
2045-2049	366,199	14,831	381,030
2050-2051	75,451	755	76,206
Total	1,737,132	244,225	1,981,357
Current	(58,835)		
Non-current	$ 1,678,297		

2015 Water Revenue Refunding

On April 30, 2015, the Agency issued the 2015 Revenue Refunding Bond in the amount of $19,970,000. The bonds were issued to refund the 1999 Certificates of Participation and the State Water Resources Control Board Note Payables No. 1 and 2. The term of the bond calls for annual payments of principal and interest on March 1 of each year. The bond's interest rate ranges from 3.0% to 5.0% and matures on March 1, 2029.

Future debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 945,000	193,350	1,138,350
2026	990,000	146,100	1,136,100
2027	1,045,000	96,600	1,141,600
2028	1,070,000	65,250	1,135,250
2029	1,105,000	33,150	1,138,150
Total	5,155,000	534,450	5,689,450
Current	(945,000)		
Premium	748,740		
Non-current	$ 4,958,740		

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(8) Long-Term Debt, continued

2016 Water Revenue Refunding

On June 29, 2016, the Agency issued the 2016 Revenue Refunding Bond in the amount of $11,435,000. The terms of the bond call for semi-annual payments of interest on September 1 and March 1 of each year, and annual payments of principal on March 1 of each year. The bond's interest rate ranges from 2.0% to 5.0% and matures on March 1, 2036.

Future debt service payments are as follows:

Fiscal Year		Principal	Interest	Total
2025	$	515,000	290,713	805,713
2026		530,000	276,550	806,550
2027		555,000	250,050	805,050
2028		580,000	222,300	802,300
2029		610,000	193,300	803,300
2030-2034		3,460,000	562,100	4,022,100
2035-2036		1,540,000	69,600	1,609,600
Total		7,790,000	1,864,613	9,654,613
Current		(515,000)		
Premium		602,993		
Non-current	$	7,877,993		

2023 Water Revenue Certificates of Participation

On May 18, 2023, the Agency issued the 2023 Water Revenue Certificates of Participation (Certificate) in the amount of $40,390,000. Proceeds of the certificate will be used: (1) to finance a portion of the cost of the Agency's project; (2) fund the reserve fund through the purchase of the reserve policy, and (3) pay the costs of issuing the Certificates. The project is anticipated to consist of capital improvement projects for the Agency's College Lake Integrated Resources Management Project, which will consist of the development of College Lake as a water storage and supply source. The terms of the Certificate calls for semi-annual payments of interest on September 1 and March 1 of each year, and annual payments of principal commencing on March 1, 2030 and each year thereafter. The bond's interest rate ranges from 4.0% to 5.0% and matures on March 1, 2041. Future debt service payments are as follows:

Fiscal Year		Principal	Interest	Total
2025	$	-	1,746,375	1,746,375
2026		-	1,746,375	1,746,375
2027		-	1,746,375	1,746,375
2028		-	1,746,375	1,746,375
2029		-	1,746,375	1,746,375
2030-2034		2,645,000	8,480,625	11,125,625
2035-2039		5,910,000	7,627,125	13,537,125
2040-2044		9,335,000	5,808,525	15,143,525
2045-2049		11,410,000	3,737,250	15,147,250
2050-2053		11,090,000	1,172,944	12,262,944
Total		40,390,000	35,558,344	75,948,344
Premium		222,948		
Non-current	$	40,612,948		

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(8) Long-Term Debt, continued

WIFIA Credit Agreement

On February 1, 2024, the Agency entered into a WIFIA (Water Infrastructure Finance and Innovation Act) credit agreement with the Environmental Protection Agency (WIFIA Credit Provider), under which the WIFIA Credit Provider has agreed to make funds available to the Agency, in the maximum principal amount of $43,109,270. Proceeds from the WIFIA credit agreement will be used to finance a portion of the eligible project cost of the Agency's College Lake Integrated Resources Management Project, which consists of the development of College Lake as a water storage and supply source. Terms of the agreement call for the WIFIA Credit Provider to make funding available under this agreement by disbursing the proceeds to the Agency based on approved eligible project cost. Once the project is completed, the Agency agrees to provide for the repayment of any proceeds received for the project to the WIFIA Credit Provider based on the Actual 2024A Installment Payment Schedule, which will be adjusted at the completion date based on total actual drawdowns made by the Agency.

As of June 30, 2024, total drawdowns received for eligible project cost incurred amounted to $9,281,567.

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the Agency's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

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(9) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The Agency participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 service years	
Benefit payments	monthly for life	
Retirement age	50 - Minimum	52 - Minimum
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.92%	7.75%
Required employer contribution rates	12.47%	7.68%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of the change in rates. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024, contributions to the Plan were as follows:

	2024
Contributions – employer	$ 279,714

Net Pension Liability

As of June 30, 2024, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2024
Proportionate share of net pension liability	$ 1,936,240

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2024, the net pension liability of the Plan is measured as of June 30, 2023 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (the valuation date), rolled forward to June 30, 2023, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The Agency's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, 2023, was as follows:

	Miscellaneous
Proportion – June 30, 2022	0.01501 %
Change in proportion	0.00051
Proportion – June 30, 2023	0.01552 %

Deferred Pension Outflows (Inflows) of Resources

For the year ended June 30, 2024, the Agency recognized a pension expense of $182,785. As of June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 279,714	-
Differences between actual and expected experience	83,570	-
Changes in assumptions	116,900	-
Net difference between projected and actual earnings on plan investments	313,495	-
Differences between actual contribution and proportionate share of contribution		(82,136)
Net adjustment due to differences in proportions of net pension liability	134,072	-
Total	$ 927,751	(82,136)

As of June 30, 2024, the Agency reported $279,714 as deferred outflows of resources related to contributions subsequent to the measurement date. Pension contributions subsequent to the measurement date for the year ended June 30, 2024, will be recognized as a reduction of the net pension liability for the year ended June 30, 2025.

At June 30, 2024, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows/ (Inflows) of Resources
2025	$ 187,885
2026	127,607
2027	241,413
2028	8,996

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(9) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data for all funds
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

* The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate is not adjusted for administrative expenses.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

The table below reflects the expected real rates of return by asset class.

Asset Class	New Strategic Allocation	Real Return 1-10[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Management Study.

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the Agency's proportionate share of the net pension liability for the Plan calculated using the discount rate, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

	Discount Rate - 1% 5.15%	Current Discount Rate 6.15%	Discount Rate + 1% 7.15%
Agency's net pension liability	$ 3,148,564	1,936,240	938,394

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 47 through 49 for the Required Supplementary Information.

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(10) Deferred Compensation Savings Plan

For the benefit of its employees, the Agency participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate. Generally, eligible employees may defer a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency and are not subject to claims by the Agency's general creditors. Market value of all plan assets held in trust at June 30, 2024, was $2,543,721.

The Agency has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the Agency has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the Statement of Net Position.

(11) Net Position

Calculation of net position as of June 30, is as follows:

	2024
Net investment in capital assets:	
Capital assets, net	$ 147,547,062
Bond payable	(14,296,733)
Note payable	(2,576,348)
Loan payable	(9,281,567)
Certificate of Participation	(40,612,948)
Lease obligation	(108,475)
Total net investment in capital assets	80,670,991
Restricted	
Restricted for debt service - cash and cash equivalents	348,259
Total restricted for debt service	348,259
Unrestricted net position:	
Non-spendable net position:	
Prepaid expenses and other assets	83,284
Total non-spendable net position	83,284
Spendable net position:	
Unrestricted	14,410,872
Total spendable net position	14,410,872
Total unrestricted net position	14,494,156
Total net position	$ 95,513,406

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(12) Fund Balance

Calculation of fund balance as of June 30, is as follows:

	2024
Non-spendable:	
Prepaid expenses	$ 83,285
Total non-spendable	83,285
Restricted	
Restricted for debt service	354,620
Total restricted	354,620
Committed:	
Contracted capital projects	83,991,324
Contracted services	1,425,238
Total committed	85,416,562
Assigned:	
Compensated absences	378,084
Total assigned	378,084
Unassigned:	
Operations	(69,201,764)
Total unassigned	(69,201,764)
Total fund balance	$ 17,030,787

(13) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2024, the Agency participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $2 million, combined single limit at $9 million per occurrence. The JPIA purchases additional excess coverage layers: $30 million per occurrence for general, auto, and public official liability, which increases the limits on the insurance coverage noted above.
- Employee dishonesty coverage up to $100,000 per loss includes public employee dishonesty, forgery or alteration, and theft and computer fraud.
- Property loss is paid at the replacement cost for property on file if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $150 million per occurrence, subject to a $1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $50 million per occurrence, subject to various deductibles depending on the type of equipment.

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(13) Risk Management, continued

- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured up to $2 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the year ended June 30, 2024. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(15) Commitments and Contingencies

City of Watsonville

In April 2006, the Agency entered into an agreement with the City of Watsonville (City) for costs associated with the operation and maintenance of the Watsonville Area Water Recycling Facility (Facility) which provides recycled water to the Agency. The City owns, operates, and maintains the distribution infrastructure and blending facilities. The Agency owns the right to the recycled water from the treatment plant. As part of the agreement, the Agency agreed to pay the City quarterly operation and maintenance costs of the Facility. In fiscal year 2024, the Agency paid the City $2,434,529 for the cost associated with the Facility.

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

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(15) Commitments and Contingencies, continued

Construction Contracts

The Agency has a variety of agreements with private parties (contractors and vendors) relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Agency's replacement reserves, capital contributions, and debt financing.

As of June 30, 2024, the Agency's open balance on construction contract commitments is $33,191,638, shown as follows:

Contractor	Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Balance Hydrologics	Watsonville Slough Monitoring	$ 275,914	139,283	136,631
Carollo Engineers	BMP Implementation Program Management	6,463,226	6,294,653	168,573
	College Lake IRMP Project - Design and Engr.	5,061,039	4,328,057	732,982
	WSS-MAR Engineering Design Services	2,454,000	1,196,666	1,257,334
CBEC	College Lake Weir Fish Passage Project	81,715	46,342	35,373
	College Lake Hydrologic Monitoring Services	253,562	218,791	34,771
	College Lake Operation Plan Development	156,832	127,996	28,836
EKI Environment & Water, Inc.	Harkins Slough Recharge Facility	302,100	253,936	48,164
ESA Water	College Lake IRMP - Environmental Support	909,758	602,860	306,898
Jacobs Engineering Group, Inc.	College Lake IRMP - Design and Engr	2,527,999	2,320,691	207,308
Maggiora Brothers	Harkins Slough Facility 2022 Recovery Wells	378,980	332,320	46,660
	Blend Well 1 Project	47,952	42,794	5,158
Miller Maxfield, Inc.	College Lake Project Resource Management	200,000	110,797	89,203
Montgomery & Associates	Blend Well 4 Project - Construction	166,020	-	166,020
	BMP Hydrologic & Facilitation Services	877,406	704,766	172,640
Mountain Cascade, Inc.	Water Treatment Plant & Intake Facilities	45,439,854	23,426,960	22,012,894
	College Lake Treated Water Pipeline Project	24,315,385	20,021,696	4,293,689
SWCA	College Lake IRMP - Environmental	1,792,980	1,002,974	790,006
Tanner Pacific, Inc.	College Lake IRMP - Construction	7,956,452	5,320,867	2,635,585
Telstar Instruments	Blend Well 1 & 2 VFP Replacement	240,461	217,548	22,913
		$ 99,901,635	66,709,997	33,191,638

(16) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of January 15, 2025, which is the date the financial statements were available to be issued.

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Required Supplementary Information

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Management fees	$ 370,000	370,000	375,546	5,546
Investment return	75,000	150,000	192,223	42,223
Other revenues	115,000	115,000	104,038	(10,962)
Total revenues	560,000	635,000	671,807	36,807
Expenditures:				
Office administration	327,912	256,050	200,419	55,631
Board support	62,676	60,000	36,128	23,872
Education and outreach	11,512	10,000	8,276	1,724
Special projects outreach	30,000	30,000	14,300	15,700
Total expenditures	432,100	356,050	259,123	96,927
Excess of revenues over expenditures	127,900	278,950	412,684	133,734
Fund balance - beginning of year	3,800,696	3,800,696	3,800,696	
Fund balance - end of year	$ 3,928,596	4,079,646	4,213,380	

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Special Revenue Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Augmentation charges	$ 11,715,000	11,715,000	11,905,845	190,845
Water sales	1,800,000	1,900,000	1,961,944	61,944
Investment return	300,000	650,000	824,133	174,133
Grant income	5,000,000	5,062,000	5,612,452	550,452
Other income	25,000	25,000	11,963	(13,037)
Total revenues	18,840,000	19,352,000	20,316,337	964,337
Expenditures:				
Office administration	1,030,763	978,000	939,681	38,319
Education and outreach	206,289	153,200	121,937	31,263
Grant administration	138,508	119,000	118,966	34
Conservation	543,029	466,000	389,099	76,901
Harkins Slough facility	322,935	310,500	242,780	67,720
Coastal distribution system	1,349,405	1,292,750	1,242,654	50,096
Supplemental water (In-Basin)	939,431	793,500	580,631	212,869
Recycled water facility	2,902,999	3,000,000	2,518,047	481,953
Metering program	603,029	516,000	457,897	58,103
Basin modeling	192,765	167,500	105,002	62,498
Basin monitoring	293,804	266,500	203,527	62,973
In-Basin management plan	177,234	140,250	99,647	40,603
Regional water management plan	36,778	12,500	8,264	4,236
Out-of-Basin funding	200,493	249,000	201,101	47,899
In-Basin funding	76,106	42,000	17,693	24,307
Capital outlay	-	-	-	-
Total expenditures	9,013,568	8,506,700	7,246,926	1,259,774
Excess of revenues over expenditures	9,826,432	10,845,300	13,069,411	2,224,111
Other financing sources:				
Transfers out	-	-	(10,616,563)	(10,616,563)
Total other financing sources	-	-	(10,616,563)	(10,616,563)
Net change in fund balance	9,826,432	10,845,300	2,452,848	(8,392,452)
Fund balance - beginning of year	16,532,778	16,532,778	16,532,778	
Fund balance - end of year	$ 26,359,210	27,378,078	18,985,626	

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Other income	$ -	1,000,000	822,045	(177,955)
Total revenues	-	1,000,000	822,045	(177,955)
Expenditures:				
BMP network improvements	2,213,497	25,000	19,968	5,032
Harkins Slough recharge facilities	3,701,313	1,238,000	1,195,603	42,397
College Lake project	73,657,458	61,145,000	54,487,661	6,657,339
Struve Slough Diversion with Recharge Basin	1,518,734	890,000	1,014,344	(124,344)
Total expenditures	81,091,002	63,298,000	56,717,576	6,580,424
Deficiency of revenues over expenditures	(81,091,002)	(62,298,000)	(55,895,531)	6,402,469
Other financing sources:				
Proceeds from debt	45,000,000	10,000,000	9,281,567	718,433
Transfers in	-	-	6,685,060	(6,685,060)
Total other financing sources	45,000,000	10,000,000	15,966,627	(5,966,627)
Net change in fund balance	(36,091,002)	(52,298,000)	(39,928,904)	435,842
Fund balance - beginning of year	33,406,065	33,406,065	33,406,065	
Fund balance - end of year	$ (2,684,937)	(18,891,935)	(6,522,839)	

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Pajaro Valley Water Management Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2024

	Original Adopted Budget	Final Amended Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Investment return	$ -	-	14,108	14,108
Total revenues	-	-	14,108	14,108
Expenditures:				
Debt service:				
Principal	2,074,802	2,074,802	2,075,379	(577)
Interest	1,905,132	1,856,701	1,856,124	577
Total expenditures	3,979,934	3,931,503	3,931,503	-
Deficiency of revenues over expenditures	(3,979,934)	(3,931,503)	(3,917,395)	14,108
Other financing sources:				
Transfers in	-	-	3,931,503	(3,931,503)
Total other financing sources	-	-	3,931,503	(3,931,503)
Net change in fund balance	(3,979,934)	(3,931,503)	14,108	3,945,611
Fund balance - beginning of year	340,512	340,512	340,512	
Fund balance - end of year	$ (3,639,422)	(3,590,991)	354,620	

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Basis of Budgeting

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the Agency's management and staff prepare and submit a capital and operating budget to the Board of Directors and are adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General, Special Revenue, Capital Projects, and Debt Service funds.

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Pajaro Valley Water Management Agency
Schedules of the Agency's Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years*

Description	Measurement Dates									
	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
Agency's proportion of the net pension liability	0.01552%	0.01501%	0.01045%	0.01300%	0.01261%	0.01218%	0.01238%	0.00930%	0.01173%	0.01310%
Agency's proportionate share of the net pension liability	$ 1,936,240	1,733,322	565,056	1,414,845	1,292,431	1,173,363	1,227,637	805,081	805,081	795,051
Agency's covered payroll	$ 1,332,456	1,454,575	1,185,090	1,082,474	1,166,180	1,095,085	1,160,676	1,012,215	957,312	908,004
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	145.31%	119.16%	47.68%	130.70%	110.83%	107.15%	105.77%	79.54%	84.10%	87.56%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

Notes to the Schedules of the Agency's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2023, there were no changes to actuarial assumptions or methods.

In fiscal year 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term.

The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses.

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Notes to the Schedules of the Agency's Proportionate Share of Net Pension Liability

Change of Assumptions and Methods, continued

These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation.

However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

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Pajaro Valley Water Management Agency
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years

Description	Fiscal Years Ended 06/30/24	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Actuarially determined contribution	$ 279,714	259,366	240,139	218,379	211,886	188,755	169,459	148,790	133,907	125,928
Contributions in relation to the actuarially determined contribution	(281,432)	(249,952)	(240,139)	(218,379)	(211,886)	(188,755)	(169,459)	(143,115)	(145,038)	(125,928)
Contribution deficiency (excess)	$ (1,718)	9,414	-	-	-	-	-	5,675	(11,131)	-
District's covered payroll	$ 1,508,557	1,332,456	1,454,575	1,185,090	1,082,474	1,166,180	1,095,085	1,160,676	1,012,215	957,312
Contributions as a percentage of covered payroll	18.66%	18.76%	16.51%	18.43%	19.57%	16.19%	15.47%	12.33%	14.33%	13.15%

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Report on Internal Controls and Compliance

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Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pajaro Valley Water Management Agency (Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated January 15, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

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Pajaro Valley
Water Management Agency

Pajaro Valley Water Management Agency

Single-Audit Report

For the Fiscal Year Ended June 30, 2024

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Pajaro Valley Water Management Agency
Single Audit Report
For the Fiscal Year Ended June 30, 2024

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Pajaro Valley Water Management Agency (Agency) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated January 15, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and did not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

DRAFT

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the *Uniform Guidance*

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

Report on Compliance for Each Major Federal Program

We have audited the Pajaro Valley Water Management Agency's (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2024. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Pajaro Valley Water Management Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basin for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance, continued

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Pajaro Valley Water Management Agency as of and for the year ended June 30, 2024, and have issued our report thereon dated June 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

Pajaro Valley Water Management Agency
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Program Title:	Federal Assistance Listing Number (CFDA)	Award Number	Grant Awarded
U.S. Environmental Protection Agency			
Direct Assistance - Major Program			
Water Infrastructure Finance and Innovation Act			
College Lake Integrated Resources Management Project	66.958	22133CA	$ 9,281,567
Total U.S. Environmental Protection Agency	66.958		9,281,567
Total Expenditures of Federal Awards			$ 9,281,567

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(1) Scope of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Pajaro Valley Water Management Agency (Agency) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial statements of the Agency. The Agency's reporting entity is defined in Note 1 of the notes to the Agency's financial statements..

(2) Summary of Significant Accounting Policies

The accompanying SEFA Schedule has been presented on the accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid.

Expenditures reported on the SEFA Schedule are reported under the full accrual basis of accounting, which is described in Note 1 of the notes to the Agency's financial statements. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Relationship to Annual Financial Report

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree to amounts reported within the Agency's Annual Financial Report.

(4) Relationship to Federal Financial Report

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported within federal financial reports.

(5) Contingencies

Under the terms of federal grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to a request for reimbursement to grantor agencies.

(6) Indirect Cost Rate

The Agency has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

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Pajaro Valley Water Management Agency
Schedule of Findings and Questioned Cost
For the Fiscal Year Ended June 30, 2024

Section I—Summary of Auditor's Results	**Response**
Basic Financial Statements	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a) (Uniform Guidance):	No
Identification of major programs tested include:	
U.S. Environmental Protection Agency – Water Infrastructure Finance and Innovation Act – CFDA No. 66.958	
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II—Financial Statement Findings

None noted for Fiscal Year 2023-2024.

Section III—Federal Award Findings and Questioned Costs

None noted for Fiscal Year 2023-2024.

Section IV—Prior Year Findings and Questioned Costs

The Agency is not subject to single audit for Fiscal Year 2022-2023.

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Pajaro Valley Water Management Agency

Management Report

June 30, 2024

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Pajaro Valley Water Management Agency

Management Report

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Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Pajaro Valley Water Management Agency (Agency) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the Agency are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America.

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Current Year Comment and Recommendation, continued

Disclosure of Audit Adjustments and Reclassifications, continued

For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the Agency's accounting system as of June 30, 2024.

* * * * * * * * * *

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

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APPENDIX

Pajaro Valley Water Management Agency

Audit/Finance Committee Letter

June 30, 2024

DRAFT

Board of Directors
Pajaro Valley Water Management Agency
Watsonville, California

We have audited the financial statements of the governmental activities and each major fund of the Pajaro Valley Water Management Agency (Agency) for the year ended June 30, 2024, and have issued our report thereon dated January 15, 2025.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 26, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 15, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

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Required Risk Assessment Procedures per Auditing Standards

As auditors of the Agency, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2024. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of cash and investments which is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation which is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability which is based on an actuarial valuation that was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary, to calculate the net pension liability, pension expense, and deferred pension outflows/inflows in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency's financial statements relate to:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements which represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements which is based on historical information which could differ from actual useful lives of each capitalized item.

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Financial Statement Disclosures, continued

The disclosure of the Agency's defined benefit pension plan in Note 9 to the basic financial statements which is based on actuarial assumptions.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 5 and 6 represents the material journal entries that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 15, 2025.

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Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual for each governmental funds (e.g. General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund), Schedules of the Agency's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Conclusion

We appreciate the cooperation extended us by Brian Lockwood, General Manager, and Nancy Trevino, Finance & Administrative Services Manager in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

C.J. Brown & Company, CPAs
Cypress, California
January 15, 2025

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Pajaro Valley Water Management Agency
Schedule of Audit Adjusting Journal Entries
June 30, 2024

Account	Description		Debit	Credit
Audit Adjusting Journal Entries JE # 1				
To record premium amortization at year-end				
80-00-2796-500	Bond Premium Accrued Amortizat	**$**	208,948.00	
80-00-5015-500	Bond Premium/Discount Amortization			208,948.00
Audit Adjusting Journal Entries JE # 2				
To adjust lease obligation at year-end.				
80-00-2750-500	Lease Obligation		50,671.62	
80-00-3040-500	Unreserved/Undesignated			50,671.62
Audit Adjusting Journal Entries JE # 3				
To adjust net pension liability at year-end.				
80-00-1820-500	Amt t/b Provided-Net Pension		182,785.00	
80-00-2900-500	Deferred Inflows of Resources		25,463.00	
80-00-1900-500	Deferred Outflows of Resources			5,330.00
80-00-2850-500	Net Pension Liability			202,918.00
Audit Adjusting Journal Entries JE # 4				
To recognize changes in lease receivable and deferred lease inflows.				
10-00-4400-500	Rental Income		8,827.08	
80-00-2940-500	Deferred Rent Inflow		95,008.69	
10-00-4550-500	Interest income - leases			8,827.08
80-00-1240-500	Lease Receivable			45,601.02
80-00-3040-500	Unreserved/Undesignated			49,407.67
Audit Adjusting Journal Entries JE # 5				
To adjust LAIF to Fair Market Value at year-end.				
10-00-1030-600	LAIF FMV ADJ		5,069.08	
20-00-1030-600	LAIF FMV ADJ		18,613.80	
10-00-4600-500	Market Changes to Investments			5,069.08
20-00-4600-500	Market Changes to Investments			18,613.80
Audit Adjusting Journal Entries JE # 6				
To record depreciation for right-to-use asset at year-end.				
90-00-5500-000	Depreciation Expense		50,781.59	
90-00-1999-000	Accumulated Depreciation	**$**		50,781.59

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Pajaro Valley Water Management Agency
Schedule of Audit Adjusting Journal Entries, continued
June 30, 2024

Account	Description		Debit	Credit
Audit Adjusting Journal Entries JE # 7				
To adjust WIFIA proceeds under the governmental wide financial statements at year-end.				
30-00-4755-500	Other Financing Revenue-WIFIA	$	9,281,566.72	
80-00-1812-500	Amount t/b Provided-WIFIA		9,281,566.72	
30-00-4900-500	Operating Transfer In			9,281,566.72
80-00-2798-500	WIFIA CLP - Loan			9,281,566.72
Audit Adjusting Journal Entries JE # 8				
To recognize grant revenues at year-end.				
20-00-2040-500	Deferred Revenue		538,599.83	
20-00-4300-500	Grants & Loans	$		538,599.83

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Pajaro Valley Water Management Agency
Schedule of Client Adjusting Journal Entries
June 30, 2024

Account	Description	Debit	Credit
Client Adjusting Journal Entries JE # 1			
To reconcile interfund transfers at year-end			
20-10-6320-500	Fund 30 Transfer Out	$ 99,311.02	
20-10-6320-500	Fund 30 Transfer Out	70,459.57	
30-00-3300-500	Interfund Transfer	99,311.02	
30-00-3300-500	Interfund Transfer	70,459.58	
20-00-3300-500	Interfund Transfers		99,311.02
20-00-3300-500	Interfund Transfers		70,459.57
30-00-4900-500	Operating Transfer In		99,311.02
30-00-4900-500	Operating Transfer In		70,459.58
Client Adjusting Journal Entries JE # 2			
To adjust accrued interest payable at year-end.			
80-00-2600-600	Accrued Interest Payable	219,874.62	
80-00-3040-500	Unreserved/Undesignated	757,866.33	
80-00-2600-600	Accrued Interest Payable		757,866.33
80-00-3040-500	Unreserved/Undesignated		219,874.62
Client Adjusting Journal Entries JE # 3			
To adjust capital assets at year-end.			
90-00-1500-500	Land	2,028.44	
90-00-1502-500	Easement/ROW	224,397.60	
90-00-1550-500	Vehicles	80,005.13	
90-00-1570-500	Construction In Progress	56,491,149.41	
90-00-1999-000	Accumulated Depreciation	15,000.01	
90-00-5500-000	Depreciation Expense	3,314,649.77	
90-00-1550-500	Vehicles		15,000.01
90-00-1999-000	Accumulated Depreciation		3,314,649.77
90-00-3010-500	Investment In Fixed Assets		56,491,149.41
90-00-3010-500	Investment In Fixed Assets		2,028.44
90-00-3010-500	Investment In Fixed Assets		224,397.60
90-00-3010-500	Investment In Fixed Assets		80,005.13
Client Adjusting Journal Entries JE # 4			
To adjust AP clearing account at year-end.			
20-00-2000-500	Accounts Payable	938,904.92	
20-00-1000-600	Cash - Clearing-AP	$	938,904.92

DRAFT

MEMORANDUM

DATE: January 10, 2025
MEETING OF: January 15, 2025
TO: Board of Directors
FROM: General Manager
RE: **DISCUSSION/ACTION ITEM 11B:** Consider Resolution 2025-02, Finding, Determining, and Declaring that the Public Interest and Necessity Require the Interests in Certain Real Property (Assessor's Parcel Numbers 052-181-18, 052-181-20) by Eminent Domain

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BACKGROUND

The Pajaro Valley Water Management Agency (Agency) was formed, among other reasons, to provide integrated management of the ground and surface water resources within the Pajaro Valley Groundwater Basin (Pajaro Valley Basin). As the sole local agency responsible for the integrated management of water resources for the Pajaro Valley Basin, the Agency bears responsibility for the management and augmentation of water supplies for domestic, agricultural, municipal and industrial purposes.

In 1994, the Agency adopted a long-term Basin Management Plan (BMP) which identified various water supply projects involving local water sources and importation of supplemental water, to balance water demands with water supplies in the Pajaro Valley Basin. In 2002, the Agency adopted a revised BMP.

In 2010, the Agency formed an Ad Hoc BMP Committee to develop a further updated BMP that would include a portfolio of projects and programs to address the problems of seawater intrusion and basin overdraft in the Pajaro Valley Basin. This work resulted in the Agency's adoption in 2014 of an updated BMP (BMP Update).

In 2015, the Agency elected to become a Groundwater Sustainability Agency under the Sustainable Groundwater Management Act, and in 2019, the California Department of Water Resources (DWR) notified the Agency that it had approved the BMP Update and associated documents as functionally equivalent to a Groundwater Sustainability Plan. In 2023, DWR notified the Agency that it had approved the BMP: Groundwater Sustainability Update 2022 (GSU22).

Throughout much of the Pajaro Valley Basin, groundwater levels have declined because of long-term groundwater overdraft. These overdraft conditions have caused groundwater levels to drop below sea level, creating a landward pressure gradient that has resulted in seawater intrusion, groundwater quality degradation, and groundwater storage depletion. To address these circumstances, and in furtherance of the GSU22, the Watsonville Slough System Managed Aquifer Recharge and Recovery Project (Project) was developed. The primary purposes of the Project are

to help balance the groundwater basin, prevent further seawater intrusion, and meet water supply needs in the Agency's service area by developing Struve Slough as a water supply source and developing a recharge basin with wells on the San Andreas Terrace to temporarily store and recover water diverted from Struve Slough.

The Project, consisting of the Harkins Slough Facilities Upgrade Project (referred to as the Harkins Slough Project) and the Struve Slough Project (previously called Watsonville Slough with Recharge Basins in the BMP), was first included in the BMP, and then analyzed as its own project in the Watsonville Slough System Managed Aquifer Recharge and Recovery Project (WSS-MARR, or Project) Environmental Impact Report (EIR; SCH No. 2019059130) which was published in September 2020. In January 2021, PV Water's Board of Directors adopted *Resolution 2021-03 Certifying the Final Environmental Impact Report, Adopting Findings Pursuant to the California Environmental Quality Act, Adopting a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Program for the Watsonville Slough System Managed Aquifer Recharge and Recovery Projects*. The EIR evaluated potential environmental impacts that could occur as a result of implementing the Project and provided applicable mitigation to reduce the intensity of potential environmental impacts. As part of Project approval, PV Water adopted a Mitigation Monitoring and Reporting Program (MMRP).

WATSONVILLE SLOUGH SYSTEM MANAGED AQUIFER RECHARGE & RECOVERY PROJECT

The Watsonville Slough system consists of six major branch sloughs: Watsonville, Harkins, Hanson, Struve, West Branch of Struve, and Gallighan. The slough system is a network of approximately 800 acres of coastal salt marsh, seasonal wetlands, brackish and freshwater emergent marsh and riparian communities that receives runoff from an approximately 13,000-acre watershed area.

The Project would develop facilities to use the slough water as an alternative to groundwater for agricultural irrigation. The Project components include Harkins Slough Facilities Upgrades (Filter Plant Upgrade and Existing Recharge Basin Electrical Upgrades) and the Southeast Recharge Basin and Associated Infrastructure. A water right permit application that is pending approval from the State Water Resources Control Board would provide the Agency the ability to divert up to 4,000 acre-feet per year (AFY) of water. The Project construction is estimated to occur over approximately 18 months beginning in 2026 or 2027 (pending permitting and property procurement).

As noted above, the Board of Directors certified the Final Environmental Impact Report (EIR) for the Project and approved the Project in January 2021. Since that time, staff and consultants have been preparing and submitting necessary permit applications to regulatory agencies, initiating the preparation of environmental compliance plans, and preparing an addendum to the certified EIR. The Project is at the 100% design milestone. Staff have been conducting community outreach and engaging with property owners.

DISCUSSION

Subject Property

Among the properties required for the Project include the Subject Property, identified as Assessor's Parcel Numbers (APN) 052-181-18, -20. The Subject Property is an agricultural farm, totaling over 180 acres. The portion of the Subject Property required for the Project, includes (i) one fee take of 17.58± acres for a percolation pond, (ii) three permanent easements of 25± square feet each for test wells, and (iii) several temporary easements of 24,644± square feet for construction and access.

The title reports indicate that the Subject Property is vested as follows: Ocean Field Holdings, LLC, a California limited liability company.

Appraised Value

The Agency is contracted with Piini Realty a full-service independent appraisal firm, to determine the fair market value of the properties impacted by the Project, including the Subject Property.

The appraisal, dated September 13, 2024, assigned a value of $2,285,218 to the Subject Property. Based on the appraisal prepared by Piini Realty, the Agency prepared and sent a formal offer letter to Ocean Field Holdings on November 4, 2024, to acquire the property for the appraised value. Ocean Field Holdings has not responded. Staff will continue to negotiate acquisition of the necessary property rights with Ocean Field Holdings' representatives. Ocean Field Holdings' representatives have not indicated whether they will object to the right to take or otherwise object to the hearing on the Resolution of Necessity.

As the property owners have not made a counter offer based on its own appraisal, and no agreement has been reached on the purchase price, staff is recommending that the Agency conduct a hearing to receive comments from the owner of the property and, if satisfied that the necessary findings can be made, adopt a Resolution of Necessity in which the Agency would authorize the filing of an eminent domain action pursuant to California Code of Civil Procedure sections1240.030 and 1245.210 *et seq*. If the Resolution of Necessity is adopted, staff will continue to communicate and attempt to reach settlement with the property owners without having to go to condemnation.

NOTICE OF THE RESOLUTION OF NECESSITY

The Agency is required to provide a property owner with notice that it intends to adopt a resolution of necessity to acquire property by eminent domain. (California Code of Civil Procedure § 1245.235(a)). On December 30, 2024, the Agency provided Ocean Field Holdings, LLC a notice of intent letter. Ocean Field Holdings has not responded to the Agency's notice letter.

HEARING ON THE RESOLUTION OF NECESSITY

It is always the Agency's preference to acquire real property through negotiation; however, with respect to the Subject Property, negotiations have not moved beyond the Agency's offer.

The Agency may adopt a Resolution of Necessity only after it has given each person whose property is proposed for acquisition by eminent domain the opportunity to appear and be heard.

California Code of Civil Procedure section 1245.235 specifies that the public hearing is intended to provide the opportunity for the property owner to speak to the Board, and not as a general public hearing to solicit input from the public. The purpose of this hearing is to consider whether the Board should adopt the Resolution of Necessity, authorizing the Agency to file a condemnation action to acquire the property. In adopting a Resolution of Necessity, the Board must consider the following findings:

1. Whether necessity and public interest require the project;
2. Whether the proposed project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury;
3. Whether the property sought to be acquired is necessary for the project; and
4. Whether the offer required by Government Code Section 7267.2 has been made to the owner or owners of record.

Adoption of the Resolution of Necessity requires a two-thirds vote of the members of the Board.

Questions regarding the amount of compensation to be paid for the property are not part of this proceeding, and the Board does not consider such in determining whether the Resolution of Necessity should be adopted. If the Resolution of Necessity is adopted, the Agency's counsel will file documents commencing eminent domain proceedings with the Superior Court in Santa Cruz County. In that proceeding, the Court will determine the amount of compensation to which the property owners are entitled.

SUMMARY

To condemn property in compliance with State law, the Agency must make specific findings as outlined in California Code of Civil Procedure Section 1245.230(c). To assist the Agency in determining whether it can or should make these findings, staff has prepared the following summary of the issues involved:

1. Public interest and necessity require the property interests described in the Resolution. The Project components consist of a Struve Slough water diversion/intake structure, pump station, water conveyance pipeline, and additional recharge and extraction facilities adjacent to the Agency's previously constructed and operational Harkins Slough Project facilities. With implementation of the Project, water will be diverted from the sloughs, and infiltrate it into a shallow aquifer through recharge basins until it is pumped out and sent to agricultural water users in the Pajaro Valley Basin.

2. The Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury. The Project is predicated on using water from the Watsonville Slough System as an alternative to groundwater for agricultural irrigation. To do this, the Project will help balance the groundwater basin, prevent further seawater intrusion, and help meet the water supply needs of Pajaro Valley growers.

3. The property sought is necessary for the Project. The Subject Property as adjacent to the existing and operational Harkins Slough Recharge Facility. The Project makes further use of these facilities to convey water to existing and proposed recharge basins and includes

various upgrades to existing facilities. The Project cannot occur without the Subject Property.

4. The offer to the owner or owners of record required by Government Code Section 7267.2 has been made to the owner of record. On November 4, 2024, the Agency, provided the owners of the Subject Property a written offer of the full market value of the fee acquisition, permanent easements, and temporary easements for construction, as determined by the appraisal. The offer was accompanied by a summary statement of valuation, the appraisal, and an informational brochure.

If the Agency adopts the Resolution of Necessity, it will then be able to file an action for condemnation, which is the next step in acquiring the Property. This action addresses only the acquisition of the real property and no related items or claims resulting from the acquisition.

FISCAL IMPACT

The Agency's cost to acquire the Subject Property is expected to be $2,283,882 at minimum. In addition, there will be legal expenses related to the condemnation action, the estimated cost of which has not yet been quantified.

STAFF RECOMMENDATION

That the Board of Directors, following a hearing providing the owner of the subject property an opportunity to speak, adopt Resolution 2025-02, Resolution of Necessity for the Watsonville Slough System Managed Aquifer Recharge & Recovery Project finding that public necessity requires acquisition by eminent domain of an Interest on APNs 052-181-18, 052-181-20 located in the unincorporated area of Santa Cruz County, and authorizing the Agency's counsel to proceed with eminent domain proceedings to acquire the real property.

ATTACHMENTS

- Resolution 2025-02
- Notice of Intent to Adopt Resolution of Necessity, dated December 30, 2024

Resolution 2025-02

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

FINDING, DETERMINING, AND DECLARING THAT THE PUBLIC INTEREST AND NECESSITY REQUIRE INTERESTS IN CERTAIN REAL PROPERTY (ASSESSOR PARCEL NUMBERS 052-181-18, 052-181-20) BY EMINENT DOMAIN

WHEREAS, on January 15, 2025, the Board of Directors for the Pajaro Valley Water Management Agency (the "Agency") approved the acquisition of (1) property in fee for a new recharge basin ("Fee Acquisition"); (2) permanent easements (the "Permanent Easements" or "PE") for three additional monitoring wells; (3) temporary easements for construction (the "TCE"); and (4) temporary easements for access (the "TAE") in certain real property for the Watsonville Slough System – Managed Aquifer Recharge and Recovery ("WSS-MARR") Project (the "Project");

WHEREAS, the Agency is authorized to acquire by eminent domain the Fee Acquisition, Permanent Easements, TCE, and TAE for a public use, to wit, the proposed Project, pursuant to, among other provisions of State law, Pajaro Valley Water Management Agency Act (Stats. 1984, ch. 257, § 1 et seq., p. 798 et seq., Deering's Wat. Uncod. Acts (2008) Act 760, p. 681); California Constitution Article I, Section 19; and the California Eminent Domain Law, Part 3, Title 7, of the Code of Civil Procedure, Sections 1230.010 et seq.;

WHEREAS, the proposed Project is part of the Agency's greater Basin Management Plan ("BMP"), now known as its Groundwater Sustainability Plan ("GSA"), the current version of which is called Basin Management Plan: Groundwater Sustainability Update 2022 ("GSU22"), a water supply project within the Watsonville Slough System, to store surface water runoff in a shallow aquifer for later use as a supplemental water supply in lieu of groundwater. The primary purpose of the Project is to help balance the Pajaro Valley Groundwater Basin, prevent further seawater intrusion, and help meet the water supply needs of Pajaro Valley growers, or more generally, to help achieve sustainable groundwater resources;

WHEREAS, the Project will consist of a diversion inland on Struve Slough, including a Struve Slough water diversion/intake structure, pump station, water conveyance pipeline, and additional recharge and extraction facilities adjacent to the Agency's existing Harkins Slough Project facilities;

WHEREAS, the Agency seeks to acquire the Fee Acquisition, PE, TCE, and TAE in a portion of certain real property, identified in the records of the Santa Cruz County Assessor as Parcel Nos. 052-181-18 & 052-181-20 (the "Subject Property") in unincorporated Santa Cruz County, California, as more particularly described and depicted in Exhibit "A" attached hereto, and incorporated herein by reference for the Project;

WHEREAS, the Agency evaluated the environmental impacts of the Project. The Agency released an initial study and notice of preparation, held scoping meetings, released a Draft Environmental Impact Report ("EIR"), held public meetings to solicit input on the Draft EIR, responded to comments on the Draft EIR, and later released the Final EIR on the Project;

WHEREAS, on January 20, 2021, the Agency's Board of Directors, at a duly noticed public hearing, considered the Final EIR prepared for the Project, and certified it in Resolution 2021-02 as being compliant with California Environmental Quality Act, including adopting written findings, adopting a Statement of Overriding Considerations, and adopting a Mitigation Monitoring and Reporting Program;

WHEREAS, on January 15, 2025, after at least fifteen (15) days' written notice (via certified mail and personal service) to the property owners of record for the Subject Property, the Agency held a hearing for the purpose of allowing the property owners of record thereof a reasonable opportunity to appear and be heard on the following matters:

a. Whether the public interest or necessity requires the project;
b. Whether the project is planned or located in a manner which is most compatible with the greatest public good and least private injury; and
c. Whether the property proposed to be acquired is necessary for the project.

WHEREAS, Agency staff and agents have been diligent in attempting to negotiate acquisition of the Subject Property and have tried to conclude the transaction without taking this action.

NOW, THEREFORE, BE IT RESOLVED that the Agency does hereby find, determine, and declare as follows:

Section 1. The Subject Property is being acquired for a public use, namely, for the Project consisting of property for a new recharge basin, with all associated infrastructure, property for monitoring wells, and temporary easements for construction and access for the Project.

Section 2. The public interest and necessity require the Project.

Section 3. The Project is planned and located in a manner that will be most compatible with the greatest public good and the least private injury.

Section 4. The Subject Property is necessary for the proposed Project.

Section 6. The offer required by Government Code Section 7267.2 has been made to the record owners of the Subject Property to be acquired.

Section 7. The requirements under the California Environmental Quality Act have been satisfied.

Section 8. The Agency does hereby declare that it is the intention of the Agency to acquire said property in its name in accordance with the provisions of the laws of the State of California with reference to condemnation procedures.

Section 9. The Agency has complied with the provisions of Code of Civil Procedure section 1245.235 by providing each person whose property is to be acquired by eminent domain and whose name and address appears on the last equalized county assessment roll notice and a reasonable opportunity to appear and be heard on the matters referred to in the Code of Civil Procedure section 1240.030.

Section 10. The Agency's outside counsel, Atchison Barisone & Condotti, is hereby authorized and directed to prepare, initiate, and prosecute in the name of the Agency, such proceedings, in the proper court having jurisdiction thereof, as may be necessary for the acquisition of said properties. The Agency's counsel is also authorized and directed to obtain a necessary order of court granting to the Agency the right of immediate possession and use of said properties.

Section 11. The Agency's General Manager Brian Lockwood is hereby authorized and directed to draw a check in the probable amount of compensation, based on the respective appraisals, made payable to the Treasury of the State of California and delivered to the payee as security for the order of immediate possession and use authorized by the court.

Section 12. The Board Secretary shall certify the adoption of this Resolution.

PASSED AND ADOPTED by the Pajaro Valley Water Management Agency, County of Santa Cruz, State of California, the **15th** day of **January 2025** by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Stephen Rider, Chair

ATTEST:_____
Nancy Trevino, Acting Board Secretary

EXHIBIT A

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Santa Cruz, State of California, described as follows:

PARCEL "A" AS THE SAME IS SHOWN UPON THE PARCEL MAP ENTITLED, "PARCEL MAP OF THE LANDS OF IVAN LEECH, SAN ANDREAS RANCHO", FILED FOR RECORD DECEMBER 22, 1982, IN BOOK 42 OF PARCEL MAPS, PAGE 20, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA CRUZ, CALIFORNIA.

EXCEPTING THEREFROM AN UNDIVIDED 1/2 INTEREST THE THE WATER FROM THE WELL AS SET OUT IN THE "WATER AND WELL MAINTENANCE AGREEMENT" EXECUTED BY IVAN LEECH, ET AL RECORDED JANUARY 26, 1983, IN BOOK 3528, AT PAGE 8, ALL AS SET FORTH IN THE GRANT DEED RECORDED FEBRUARY 3, 1989, IN VOLUME 4454, AT PAGE 73, OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION OF SAID LAND AS DESCRIBED IN THE DEED TO PAJARO VALLEY WATER MANAGEMENT AGENCY, RECORDED AUGUST 31, 2000 AS DOCUMENT NUMBER 2000-0042319, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

APN: 052-181-20

BEING PARCEL "C" AS THE SAME IS SHOWN UPON THE PARCEL MAP ENTITLED, "PARCEL MAP OF THE LANDS OF IVAN LEECH, SAN ANDREAS RANCHO", FILED FOR RECORD DECEMBER 22, 1982, IN BOOK 42 OF PARCEL MAPS, PAGE 20, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA CRUZ COUNTY, CALIFORNIA.

APN: 052-181-18

PAJARO VALLEY WATER MANAGEMENT AGENCY

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

NOTICE OF INTENT TO ADOPT RESOLUTION OF NECESSITY
TO ACQUIRE CERTAIN REAL PROPERTY OR INTEREST IN REAL PROPERTY
BY EMINENT DOMAIN
(PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1245.235)

December 30, 2024

Via Certified Mail (return receipt requested)

Ocean Field Holdings, LLC
Attn: Jane Fujishige Yada
8 Corporate Park, #110
Irvine, CA 92606

Site Address: 052-181-18, -20, Unincorporated Santa Cruz County, CA

Dear Ms. Fujishige Yada,

This notice is sent to you under the requirements of California Code of Civil Procedure section 1245.235. This notice concerns the property located in unincorporated Santa Cruz County and identified as Santa Cruz County Assessor Parcel No. 052-181-18, -20. The Pajaro Valley Water Management Agency ("Agency") has been investigating the acquisition of: (1) property in fee for a new recharge basin and associated infrastructure (pipelines, recovery wells, electrical equipment); permanent easements (the "PE") for 3 additional monitoring wells; (2) temporary easements for construction (the "TCE"); and (3) access (the "TAE") (collectively the "Property") on a part of the above-described real property for the proposed Watsonville Slough System – Managed Aquifer Recharge and Recovery ("WSS-MARR") Project ("Project").

California Code of Civil Procedure section 1245.230 provides that the power of eminent domain may be exercised to acquire property for a proposed project if the following conditions are established:

(a) The public interest and necessity require the project.

(b) The project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.

(c) The property sought to be acquired is necessary for the project.

(d) The offer required by Government Code section 7267.2 has been made to the owner of record.

You are hereby notified that the Board of Directors of the Pajaro Valley Water Management Agency, at its meeting to be held on January 15, 2025, at 6 p.m., will decide if the above conditions are met concerning the Property and, if the conditions are met, will decide whether to adopt a Resolution of Necessity. A Resolution of Necessity is a prerequisite for the Agency's initiation of eminent domain proceedings to acquire the Property described above. A legal description of the overall above-described real property is attached to this notice and is marked as Exhibit "A". A general description of the Property required for the Project is included in the Appraisal report attached to this Notice and is marked as Exhibit "B".

The Agency's Basin Management Plan ("BMP"), developed by stakeholders, describes a proposed water supply project within the Watsonville Slough System that would store surface water runoff in a shallow aquifer for later use as a supplemental water supply in lieu of groundwater. The Harkins Slough Project, which the Agency began operating in 2002, is the first element of this plan. The second element is the WSS-MARR Project, which provides for a second diversion farther inland on Struve Slough and an additional recharge basin. The Watsonville Slough System, of which Struve Slough is a component, is a network of approximately 800 acres of coastal salt marsh, seasonal wetlands, brackish and freshwater emergent marsh, and riparian communities. It receives runoff from a 13,000-acre watershed. The Project would divert some of the available freshwater supply, up to 4,000 acre-feet annually, that would otherwise flow to Monterey Bay.

The Project facilities include a Struve Slough water diversion/intake structure, pump station, water conveyance pipeline, and additional recharge and extraction facilities adjacent to the previously constructed and operational Harkins Slough Project facilities. These existing and planned recharge and extraction facilities are located on the coarse textured soils of the San Andreas terrace. The Project makes use of select Harkins Slough Project facilities to convey water to existing and proposed recharged basins and includes various updates to existing facilities. The primary purpose of the Project is to help balance the groundwater basin, prevent further seawater intrusion, and help meet the water supply needs of Pajaro Valley growers.

Hydrologic modeling conducted for the Agency's BMP and the recent 2022 Groundwater Sustainability Update indicated that the most effective way to stop seawater intrusion and balance the over-drafted groundwater basin is to reduce groundwater pumping in the coastal area. The WSS-MARR Project will help achieve this goal.

Please be advised that if you file a written request to appear within fifteen (15) days from the mailing of this Notice, you are entitled to appear and object to the adoption of the Resolution. Objections are limited to the four conditions listed above. Questions regarding the amount of compensation to be paid are not part of this proceeding and the Agency Board does not consider such in determining whether the Resolution should be adopted. All requests to appear must be sent for filing to the Agency Office, at 36 Brennan Street, Watsonville, California 95076.

Your written request must be on file within the fifteen (15) day period. Failure to file a written request results in a waiver of your rights to appear and be heard. The written request to appear should include a statement of the condition(s) that you feel are pertinent to your property. The four conditions that may affect your property are set forth above, designated (a), (b), (c), and (d). By designating which condition forms the basis of your concerns, and why, you will enable the Board of Directors to have a full and expeditious review made of the Project's effect on your property.

For your convenience, the Board of Directors will consider any written observations you may wish to submit, as long as such written observations are filed within the fifteen (15) day period.

The Agency must adopt a Resolution of Necessity before an eminent domain proceeding can be commenced. Within six months of the adoption of the Resolution of Necessity, the Agency will commence eminent domain proceedings in the Santa Cruz County Superior Court. In that proceeding, the Court will determine the amount of compensation to which you are entitled.

Neither the pendency of the Agency's consideration of the Resolution of Necessity, nor the initiation of formal eminent domain proceedings, prevents further negotiations from occurring for the acquisition of the Property, and the Agency is ready and willing to continue such negotiations.

Dated: December 30, 2024

PAJARO VALLEY WATER MANAGEMENT AGENCY

By:_____/s/_____
Brian Lockwood
General Manager

Exhibit A – Legal Description

Exhibit B – Appraisal, dated July 26, 2024

EXHIBIT A

Legal Description of the Property

Order Number: **4408-6951439**
Page Number: 7

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Santa Cruz, State of California, described as follows:

BEING PARCEL "C" AS THE SAME IS SHOWN UPON THE PARCEL MAP ENTITLED, "PARCEL MAP OF THE LANDS OF IVAN LEECH, SAN ANDREAS RANCHO", FILED FOR RECORD DECEMBER 22, 1982, IN BOOK 42 OF PARCEL MAPS, PAGE 20, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA CRUZ COUNTY, CALIFORNIA.

APN: 052-181-18

Order Number: **4408-7054229**
Page Number: 7

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Santa Cruz, State of California, described as follows:

PARCEL "A" AS THE SAME IS SHOWN UPON THE PARCEL MAP ENTITLED, "PARCEL MAP OF THE LANDS OF IVAN LEECH, SAN ANDREAS RANCHO", FILED FOR RECORD DECEMBER 22, 1982, IN BOOK 42 OF PARCEL MAPS, PAGE 20, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA CRUZ, CALIFORNIA.

EXCEPTING THEREFROM AN UNDIVIDED 1/2 INTEREST THE THE WATER FROM THE WELL AS SET OUT IN THE "WATER AND WELL MAINTENANCE AGREEMENT" EXECUTED BY IVAN LEECH, ET AL RECORDED JANUARY 26, 1983, IN BOOK 3528, AT PAGE 8, ALL AS SET FORTH IN THE GRANT DEED RECORDED FEBRUARY 3, 1989, IN VOLUME 4454, AT PAGE 73, OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION OF SAID LAND AS DESCRIBED IN THE DEED TO PAJARO VALLEY WATER MANAGEMENT AGENCY, RECORDED AUGUST 31, 2000 AS DOCUMENT NUMBER 2000-0042319, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

APN: 052-181-20

2024 Production Monthly Summary as of December

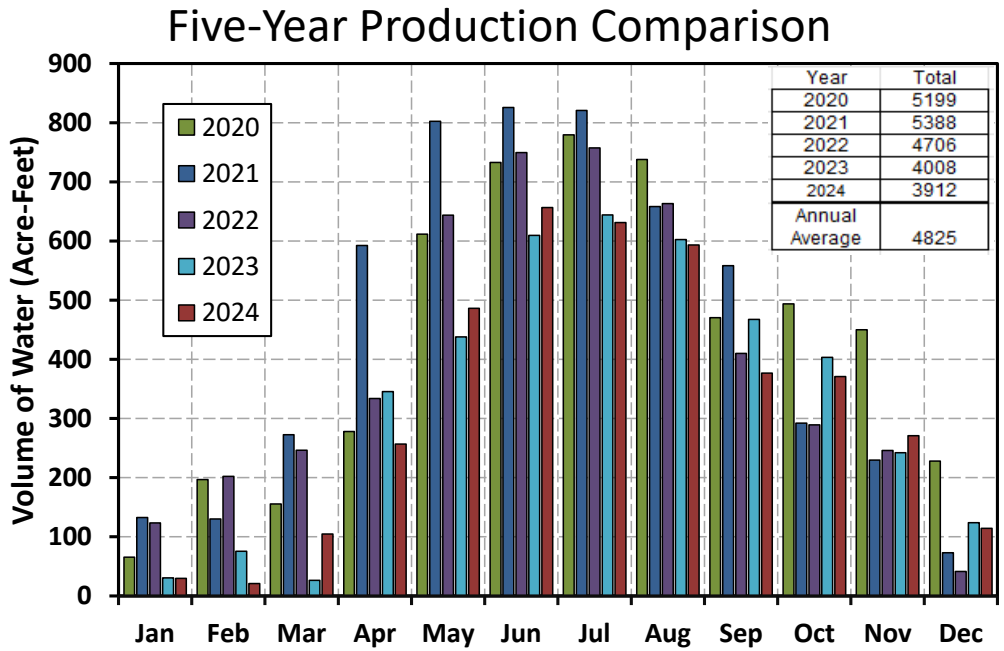
All totals are in Acre Feet

	January	February	March	April	May	June	July	August	September	October	November	December	Individual Totals
Harkins Slough Project:													
Diverted to Recharge Basin	0.00	150.02	262.25	208.33	235.33								**855.93**
													10838
Coastal Distribution System (CDS):													
Well Production													
Recovery Wells	1.74	0.55	13.26	10.20	28.07	34.24	37.52	22.88	24.27	18.05	11.70	5.86	**208.33**
Blend Wells													
SW #1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.18	28.27	0.12	28.04	8.07	83.68
SW #2	0.18	0.00	3.00	26.11	85.40	182.92	143.81	148.45	118.69	54.30	12.58	3.68	779.11
Blend Wells Subtotal	0.18	0.00	3.00	26.11	85.40	182.92	143.81	167.63	146.96	54.42	40.62	11.75	**862.78**
RWF Blend (See Breakdown Below)	27.74	20.47	88.55	220.23	372.54	439.29	449.96	402.80	205.30	298.43	218.66	96.82	**2840.80**
CDS Total	29.66	21.02	104.80	256.54	486.01	656.45	631.29	593.31	376.53	370.89	270.98	114.42	**3911.91**

Approximate Recycled Water Blend Breakdown:

Estimated Recycled Water	27.74	4.40	54.09	183.64	294.46	347.41	358.91	310.61	125.98	226.71	173.46	81.25	2188.67
RWF No_1 (potable)	0.00	16.07	34.451	36.59	78.08	91.88	91.05	92.19	79.32	71.71	45.19	15.57	652.12

* 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.



2024 Production Percentages:			
Recovery Wells	**Supplemental Wells**	**Recycled Water**	**Potable Water**
5%	**22%**	**56%**	**17%**

*Preliminary, Subject to Revision

JANUARY 2025 MEETING

		INCOMING	
DATE	**TO**	**FROM**	**SUBJECT (Attached)**
1/6/2025	Brian Lockwood PV Water	State Water Resources Control Board	Harkins Slough Water Right Permit Annual Report
1/6/2025	Brian Lockwood PV Water	State Water Resources Control Board	College Lake Water Right Permit Annual Report
		OUTGOING	
DATE	**FROM**	**TO**	**SUBJECT (Attached)**
12/20/2024	Tricia Webber Santa Cruz County Clerk	Brian Lockwood PV Water	Oath of Office

From: RMS@waterboards.ca.gov <RMS@waterboards.ca.gov>
Sent: Monday, January 6, 2025 4:01 PM
To: Brian Lockwood <Lockwood@pvwater.org>
Subject: 2024 annual water use report for Water Right A030522

You don't often get email from rms@waterboards.ca.gov. Learn why this is important

Caution: External Email

Report Submission Confirmation for Water Right A030522 for 2024

Primary Owner: PAJARO VALLEY WATER MANAGEMENT AGENCY

Congratulations! You have successfully submitted your 2024 annual water use report for water right id A030522. Keep a copy of this email for your records as proof of your submission.

Reported submitted: Monday, January 6, 2025

Click here to view a copy of your 2024 Report Summary.

You can return to the Report Management by clicking here

If you have additional questions, please contact us at (916) 341 5431 or email at RMS@waterboards.ca.gov

Thank you for reporting.

From: RMS@waterboards.ca.gov <RMS@waterboards.ca.gov>
Sent: Monday, January 6, 2025 3:28 PM
To: Brian Lockwood <Lockwood@pvwater.org>
Subject: 2024 annual water use report for Water Right A032881

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Caution: External Email

Report Submission Confirmation for Water Right A032881 for 2024

Primary Owner: PAJARO VALLEY WATER MANAGEMENT AGENCY

Congratulations! You have successfully submitted your 2024 annual water use report for water right id A032881. Keep a copy of this email for your records as proof of your submission.

Reported submitted: Monday, January 6, 2025

Click here to view a copy of your 2024 Report Summary.

You can return to the Report Management by clicking here

If you have additional questions, please contact us at (916) 341 5431 or email at RMS@waterboards.ca.gov

Thank you for reporting.

PAJARO VALLEY WATER MANAGEMENT AGENCY

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

December 20, 2024

Tricia Webber, County Clerk
Rita Sanchez, Assistant County Clerk
County Clerk / Elections
Santa Cruz County
701 Ocean Street, Room 310
Santa Cruz, CA 95060

Subject: Oath of Office

Dear Ms. Webber and Ms. Sanchez:

I administered the Oath of Office to Directors Culbertson and Rider during the December 18, 2024, meeting of the Pajaro Valley Water Management Agency Board of Directors. Per your request, please find the original signed copies of the "Appointment In-Lieu of Election & Oath of Office" form. Should you need anything else, please let me know. You can reach me at 831-722-9292 or Lockwood@pvwater.org.

Sincerely,

/s/

Brian Lockwood, PG, CHg
General Manager
Pajaro Valley Water Management Agency

Encl.: Oaths of Office