



PAJARO VALLEY WATER MANAGEMENT AGENCY

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**Board of Directors Meeting
City Council Chambers**

**May 2, 2007, 1:30 p.m.
250 Main Street, Watsonville, CA**

WORKSHOP MEETING MINUTES

- 1. Call to Order, Roll Call of the PVWMA Directors, and Pledge of Allegiance:** The Regular Board Meeting of Pajaro Valley Water Management Agency was called to order in the City Council Chambers, 250 Main Street, Watsonville, CA, at 1:35 p.m. by Chair Dobler

Board Members Present: Dobler, Imazio, Eiskamp, Cervantes, Osmer

Board Members Absent: Kegebein, Koenig

Staff Members Present: Bruce Laclergue, General Manager (GM)
Mary Bannister, Technical Division Manager (TDM)
Linda Contreras, Administrative Division Manager (ADM)
Fred Miles, Engineering Division Manager (EDM)
Veronica Barboza, Administrative Analyst (AA)

Others Present: Anthony Condotti, Counsel

- 1. Oral Communications:** None
- 2. Director and General Manager Comments:** GM reported that staff and counsel met with USBR representatives in regards to the Amendatory Contract Renewal Process, Mercy Springs Contract, the PVWMA's Original Authorization for CVP Water, Title XVI funding, and on matters related to the Potential Transfer of the San Luis Unit of the CVP.
- 4. Discussion and/or Action Items**
 - A. Discuss Update of M Cubed Study as recommended by the Santa Cruz County Farm Bureau:** GM reported that the Agency received a letter from Steve Bontadelli, President of the Santa Cruz County Farm Bureau in regards to M Cubed study. David Cavanaugh also from the Santa Cruz County Farm Bureau commented to the board that farming in the Santa Cruz County is #1 in agricultural production and that understanding the relationship between water costs and their affect on agricultural, by commodity, is at the heart of identifying economic success. Mr. Bontadelli also commented to the board on the assumption on estimated cost of water and together with Darlene Din strongly suggested to work closely especially on the issues of Food Safety. The GM offered to continue the discussion with the Farm Bureaus from both Counties and with the UC Cooperative Extension Service.
 - B. Consider adoption of Preliminary Budget for FY 2007-2008:** The ADM began her presentation by describing the budget process and noting that the Agency Act requires that the final budget be approved by or before June 30th. She went over each of this year's major assumptions. She explained that the level of cash reserve had been calculated pursuant to the Cash Reserve Policy approved by the Board on June 18, 2004. The ADM provided details about the revenue and expenses projections that included a projected 3,000 acre-feet of delivered water sales. 50,000 acre-feet on groundwater extraction, the inclusion of one new staff position in the Engineering

Division, two new vehicles, project and maintenance operations program, and monitoring well destruction and construction. Her presentation concluded with projected results, ending cash balances and budget worksheets. The Administrative/Finance Committee had reviewed the preliminary budget at its April 25th meeting. The ADM responded to Director questions regarding the current level of cash reserves vs. previous years' cash reserve levels, the reliability of the projected amount of delivered water, debt service and associated debt coverage ratio. The ADM concluded by recommending that the Board review and approve the preliminary budget, schedule a public hearing on May 16, 2007 and consider adoption of the final budget at the June 20th Business Meeting. Thereafter, the Board took the following action:

◆ Motion by Director Imazio to approve the Preliminary Budget for FY 2007-2008, as presented. Motion carried by the following roll call vote:

AYES: Dobler, Imazio, Eiskamp, Cervantes, Osmer,
NOES: None
ABSENT: Kegebein, Koenig
ABSTAIN: None

- C. Consider selection of Audit Firm: The ADM reported to the Board that the Agency was again seeking a new audit firm for its fiscal year ending June 30, 2007 audit. She briefly reported that in February of this year the Agency solicited proposals from seven CPA firms. Several did not reply. At least two were not accepting clients. Two firms did submit fully responsive proposal. The ADM identified the firm of Bartlett Pringle and Wolf, LLP as the superior of the two firms because of its in-house resources and a much greater number of staff CPAs. After discussion, the following action was taken:

◆ Motion by Director Imazio to approve the selection of Bartlett, Pringle & Wolf, LLP to conduct the Agency's audit for FY ending June 30, 2007. Motion carried by the following roll call vote:

AYES: Dobler, Imazio, Eiskamp, Cervantes, Osmer,
NOES: None
ABSENT: Kegebein, Koenig
ABSTAIN: None

- D. Consider approval of agreements for metering wells at the County Landfill, Sheriff's and Housing Authority Facilities: Counsel reported to Board in regards to the existence of three un-metered wells operated by the County of Santa Cruz Landfill, Sheriff's and Housing Authority Facility. Counsel stated that in February 2005 the Agency notified County staff of the Agency's requirement that such facilities be metered and pay augmentation charges based on meter usage. Counsel then presented to the Board the first proposed meter agreement for the well operated by the County Public Works Department that's serving the Buena Vista Landfill and Sheriff's Department serving the Rountree Inmate Facility. Because the Housing Authority is a separate legal entity that operates on County property, a separate agreement was proposed for that facility. After further discussion the following action was taken:

◆ Motion by Director Osmer to approve the agreements for metering wells at the County

Landfill, Sheriff's and Housing Authority Facilities, as presented. Motion carried by the following roll call vote:

AYES: Dobler, Imazio, Eiskamp, Cervantes, Osmer,
NOES: None
ABSENT: Kegebein, Koenig
ABSTAIN: None

5. Reports/Informational Presentations

A. Counsel Reports

1. Litigation update: Counsel reported no new information.

B. Board Committee Reports: Director Osmer suggested that under future agenda items for the Administrative/Finance Committee, he would like to add Bond issues and Personnel Policy Changes.

C. Staff Reports

1. Project operations report: EDM reported that about 550 acre-feet of water had been diverted from Harkins Slough. Also reported that daily deliveries were at about 6 to 7 acre-feet a day.

2. Basin Management Plan implementation report: TDM had no new information.

3. 2006 BMP Construction Program Update

a. Coastal Distribution System: EDM reported construction activity had begun. Bore pits were dug along highway 1.

b. Recycled Water Facility: EDM reported that the project is in construction and so far on schedule for September 2008 deliveries.

4. Water Conservation Report: TDM stated that the Agency is still considering implementing a nozzle/gasket exchange program. Also stated that the mobile lab service has had 13 sign-ups so far.

5. Consolidated Grants Update: ADM reported that a grant reimbursement request for 300,000 was requested and will apply again in June and July 2007.

6. Written Communication/Correspondence: None

7. Future Meetings and Agenda Items

A. Projects Committee – May 16, 2007, 4:00 pm, PVWMA Conference Room

B. Board Meeting – May 16, 2007, 7:00 pm, Watsonville Council Chambers

C. WQOP Committee - May 18, 2007, 2:00 pm, Wastewater Treatment Facility

D. Administrative/Finance Committee Meeting – May 23, 2007, 3:00 pm, PVWMA Conference Room

8. Closed Session

A. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Govt. Code Section 54957.6

Position/Unrepresented Employee: Engineering Division Manager

Agency Designated Representatives: General Manager/General Counsel

B. LIABILITY CLAIMS (Crop Loss In CDS Construction Corridor)

1. Mendoza Berry Farms (APN 117-021-002; 2.77 acres)

Owner: Dominic Muzzi, et al.,

2. Rocha Bros. Farms, LLC (APN 117-011-013, APN 412-031-002; 1.15 acres)
Owner: Grimmer Orchards
3. Reiter Berry Farms (APN 117-061-009; 1.28 acres)
Owner: Melissa Ramsey

The closed session convened at approximately 3:10 p.m. with Directors Dobler, Imazio, Eiskamp, Cervantes and Osmer present. Staff members in attendance were Laclergue and Condotti with Contreras and right-of-way consultant Richard Smith present for Item B, which was taken first. Smith and Contreras left the meeting at approximately 3:25 p.m. The meeting adjourned at approximately 3:55 p.m. with no members of the public present. During consideration of Item B, by motion (Osmer, 5-0), the Board accepted the claims listed in B.1 through 3, for crop removal necessitated by the Coastal Distribution System construction

9. Adjourned at 3:55 pm

/s/ Linda Contreras

Linda Contreras, Secretary

May 16, 2007

date approved