



**PAJARO VALLEY WATER MANAGEMENT
AGENCY**

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**Board of Directors Meeting
City Council Chambers**

**July 15, 2009, 7:00 p.m.
275 Main Street, 4th Floor
Watsonville, CA**

BOARD MEETING MINUTES

1. Call to Order

- 2. 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, 275 Main Street 4th Floor, Watsonville, CA, at 7:06 p.m. by Chair Osmer.

Board Members Present: Osmer, Imazio (7:12 pm), Eiskamp, Kegebein, Koenig

Board Members Absent: Dobler

Staff Members Present: Mary Bannister, General Manager (GM)
Veronica Barboza, Administrative Analyst (AA)
Others Present: Anthony Condotti, Agency Counsel

3. Pledge of Allegiance

- 4. Oral Communications:** Mr. Khosrow Goudarzi complained about the manner in which his refund claim had been handled by staff. Mr. Joe Pendry wanted the meeting to start on time.

5. Director Comments: None.

6. Counsel Report: None.

- 7. General Manager Report:** The GM reported that she had made a presentation on the RWF to the San Benito County Water District earlier in the day.

8. Consent Agenda:

- A. Approve June 17, 2009 Minutes
B. Receive Annual Reports for 2007 and 2008

◆ Motion by Director Koenig to approve the Consent Agenda as presented. Motion carried by the following roll call vote:

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

9. Discussion and/or Action Items

- A. Consider contract with Gutierrez Consultants for continued project management and grant administration services through June 2010, for an amount not to exceed \$180,000. The GM outlined the three tasks included in the proposed scope of work that would provide

continuity of important program management and grant administration services; she explained that the previous contract had expired on June 30, 2009, and lastly, asked the Board to consider renewing the contract. Discussion followed, with Director Eiskamp objecting to the tasks as contained in the scope of work and the lack of a competitive bidding process. Members of the public also objected to the contract, citing the same absence of a competitive bidding process as well as the Agency not requiring reports as to the value added by past contracts. Attorney Marc del Piero, representing Pajaro/Sunny Mesa CSD, suggested that the consultant was supporting a project to import sewage from San Benito and Santa Clara counties that would turn the coastal Pajaro Valley into a leach field. In his support in renewing the proposed contract, Chair Osmer stated that the agency "would be crippled without [consultant]." After discussion, the following action was taken:

◆ Motion by Director Kegebein to approve the proposed renewal contract with Gutierrez Consultants as presented. Motion carried by the following roll call vote:

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

B. Receive presentation on Ad Hoc Funding Committee Rate Scenarios. Director Kegebein stated that the Ad Hoc Funding Committee had arrived at these alternative rate scenarios after much discussion and modifications based upon input from all participants. Discussion followed. Dave Cavanaugh, Santa Cruz County Farm Bureau, stated that the Farm Bureau supports the rate scenarios as presented, but noted that the Agency needs to arrive at a consensus with the coastal growers. Tom Amrhein stated that he did not support the proposed alternative rate scenarios, and would prefer an adjudication of the matter. Marc del Piero, Pajaro/Sunny Mesa CSD, was also in opposition. Director Osmer expressed his continuing desire to achieve a community consensus. No action was necessary, and none was taken.

C. Consider Resolution 2009-04, Certifying Compliance with State law with Respect to the Levying of General and Special Taxes, Assessments, and Property-Related Fees and Charges (Management Fees) The GM stated that as there had been a stalemate on passage of this resolution at the last Board meeting, it was being brought forward for full board consideration at the request of Director Kegebein. This resolution, if approved, would be submitted to the three counties within the Agency's jurisdiction for collection on their tax rolls of the management fee assessed on each parcel. Discussion followed, with Director Eiskamp and members of the public objecting on the basis that the management fee had not been approved by two-thirds of the voters, a requirement under Proposition 218. Counsel gave a legal perspective on this issue. After additional discussion, the following action was taken:

◆ Motion by Director Kegebein to approve Resolution 2009-04 as presented. Motion carried by the following roll call vote:

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

D. Review and Discuss Cash Flow Model. The GM distributed a revised Cash Flow Model. Chair Osmer went over the projected deficit for the 2009/10 fiscal year resulting from a near certainty that the state would withhold grant monies as a result of its own budget crisis and the

need to pay \$1.7M in debt service to the City of Watsonville on the Recycled Water Facility by July 31st. He recommended a Special Board Meeting before that date to consider the release of reserves to permit this debt service payment. Steve Palmisano, representing the City, stated that the City facing its own budget shortfall was counting on the \$1.7 payment. The Board agreed to consider the matter of releasing reserves at the next Board meeting.

- E. Receive report on expedited claims processing and refunds and discuss July payments. GM summarized the implementation to date of the Board-approved refund process. A PVWMA Over-collected Fee Refund Report was distributed. Discussion centered on whether the Board should approve the deduction of outstanding balances from the upcoming second refund payments. Chair Osmer stated that the Administrative/Finance Committee at its July 13th meeting had recommended this approach. Discussion followed. Thereafter, the following action was taken:

◆ Motion by Director Kegebein to apply overdue balance account adjustments on second refunds due to be completed no later than July 27, 2009. Motion carried by the following roll call vote:

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

10. Reports/Informational Presentations

A. Board Committee Reports

1. Report on Ad Hoc Funding Committee Meeting on June 22, 2009 by Director Kegebein.
2. Report on Administrative Finance Committee Meeting on June 16, 2009 by Chair Osmer and the GM.
3. Report on Water Quality & Project Operations Committee Meeting on June 24, 2009 by the GM.

B. Staff Reports

1. Facility Operations Report. The GM reported that over 1200 acre feet of irrigation supply had been distributed this irrigation season, including 650 acre feet of recycled water.

11. Written Communication/Correspondence. None.

12. Future Meetings and Agenda Items

- A. Ad Hoc Funding Committee- August - TBD
- B. Administrative/Finance Committee – TBD
- C. Water Quality & Project Operations Committee – July 29, 2009, 2:00 pm, City of Watsonville Wastewater Treatment Plant
- D. Board Meeting – August 19, 2009, 7:00 pm, “New” City of Watsonville Council Chambers, 275 Main St, 4th Floor

13. Closed Session.

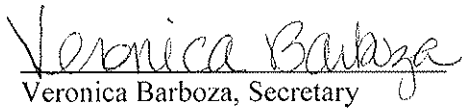
A. Conference with Legal Counsel – Pending Litigation

Pursuant to Government Code Section 54956.9(a):

Name of Case: Pajaro Sunny Mesa CSD, et al., v. PVWMA (SCSC Case No. CV 159506)

The Board adjourned to closed session at the conclusion of the open portion of the meeting with Directors Osmer, Imazio, Kegebein, Koenig, and Eiskamp present. General Manager Bannister and General Counsel Condotti were in attendance. Before the closed session was called to order, Directors Osmer and Eiskamp left the Board chambers, and the meeting adjourned for lack of a quorum.

11. Adjourned at 9:53 p.m.


Veronica Barboza, Secretary

8-26-09

Date Approved