



PAJARO VALLEY WATER MANAGEMENT AGENCY

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Board of Directors Meeting
City Council Chambers

October 28, 2009, 7:00 p.m.
275 Main Street, 4th Floor
Watsonville, CA

REVISED BOARD MEETING MINUTES

1. **Call to Order**

2. **Oaths of Office administered by Clerk of the Board to newly-appointed Director: David Cavanaugh**

3. **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 7:08p.m. by Chair Osmer.

Board Members Present: Osmer, Imazio, Eiskamp, Kegebein, Cavanaugh, Dobler, Koenig

Board Members Absent: None

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

4. **Pledge of Allegiance**

5. **Oral Communications:** None

6. **Director Comments:** Director Dobler welcomed Director Cavanaugh to the Agency's Board of Directors. Director Eiskamp invited the public to submit their Request for Review of Bill Form if they wish to dispute their September 2009 billing.

7. **Counsel Report:** Nothing to report

8. **General Manager Report:** GM reported on the Washington DC Trip and stated that during the week of October 5, 2009, she and Directors Osmer and Dobler, and Steve Palmisano with the City of Watsonville, met with a number of federal legislative representatives and staff to promote the Agency's request for reimbursement on our Title XVI funding for the Watsonville Area Recycled Water Facility. GM also mention that the office will be closed Christmas week (December 21-25, 2009) with staff taking personal time off.

9. **Consent Agenda:**

- A. Approve September 16, 2009 Minutes
- B. Approve Financial Reports for September 2009
- C. Approve Disbursement Ledger for September 2009
- D. Receive Grant and Loan Update

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

AYES: Osmer, Imazio, Eiskamp, Kegebein, Cavanaugh, Dobler, Koenig

NOES: None
ABSENT: None
ABSTAIN: None

10. Discussion and/or Action Items

- A. Receive Presentation on the Ad Hoc Funding Committee Recommendation for Funding Approach and Next Steps. The GM thanked the Ad Hoc Funding Committee for its many hours of hard work and went over some the accomplishments in light of its stated objectives. The GM then introduced Lou Carella, Partner, Carollo Engineers, P.E. to give tonight's presentation. Mr. Carella's presentation was entitled, "Consumption Based Fee Alternatives Comparison" and focused on the proposed expanded groundwater augmentation charges, using a consumption charge, and other alternatives. He also covered the matter of the separate delivered water charges. His presentation concluded with the next steps that the Committee recommends that the Board consider: (a) adopt a cost recovery strategy; (b) conduct a cost of service analysis (Phase 2); (c) develop fees; (d) prepare Prop. 218 Engineer's Report; and finally, (e) implement a Prop. 218 process. Director discussion followed. Mr. Carella responded to Director questions. Director Eiskamp asked whether charges would be subsidized, if alternative charges had been considered, about Prop. 218 fees and what constitutes the property-related service. Director Imazio was interested how the proposed zones of services had been arrived at; Director Kegebein asked about the history of the \$210 augmentation charge cap, and Director Osmer wanted to know how the categories of voters who could vote under a Prop. 218 would be determined. After additional Director discussion, the Chair opened the floor for public comment.

Frank Capurro requested that in his unavoidable absence, his email to the GM dated October 22, 2009 be made part of the record. (attached)

Ken Reiller asked for an explanation of the weighted vote approach and how that approach impacts the different water users.

Ray Pereyra thanked the Ad Hoc Funding Committee for its work on this issue.

Joe Pendry expressed his concerns about establishment of zones of services and how the rural residential customers would be treated.

John E. Eiskamp, representing the Santa Cruz County Farm Bureau, thanked the Board for its invitation to participate in the Ad Hoc Funding Committee's meetings. Nonetheless, the Farm Bureau's position is that it is unable to support the recommended approach as outlined in tonight's presentation. The Farm Bureau believes that increases in the water use come from the City development and that the City is not paying its fair share.

John Ricker, representing the Santa Cruz County Water Resources Division, stated that he was pleased to see that the recommendation would include a water conservation component as it is clear the basin is severely overdrafted. He added that the County is working on an impact fee for the unincorporated area.

Kate Montano asked for specifics of the water conservation component.

Jim Scurich asked if his vote would be weighted based on use of his three wells.

Clarice Wiggins said that her well is negatively impacted by nitrates and isn't being used, therefore voting weighted based on water use would exclude their parcel.

Marc Del Piero, on behalf of Pajaro Sunny Mesa Community Service District raised the issue of correlative rights and overlying user rights with respect to a vote.

Dick Peixoto questioned how the Agency is going to decide on the type of vote, such as a majority protest, and whether the Agency has a legal basis for arriving at a 5-years' average water usage. Lastly, he agreed that the Agency definitely should include a water conservation component in its final recommendation, but stated that if they did, there wouldn't be sufficient revenues to fund the Agency.

Steve Palmisano, representing the City of Watsonville, first stated that he too had participated in the many Ad Hoc Funding Committee's meeting, and secondly, noted that the City of Watsonville does charge developers water impact fees on all new developments and that those funds are used to pay for the City's water conservation programs. As a result of their conservation program, City water use has been flat over the past years, and that is verified by meter read data.

Vic Morani introduced himself as a generation of family farming and that his wife was a Larkin. He stated that if the Agency were to decide on a Prop. 218 process, it should be sure to follow the new regulations, effective January 1, 2010. He also encouraged the Agency to refinance its bonds, as was offered by Stinson Securities.

Gene Skyhorn, representing the Senior Coalition, expressed his concerns about the Prop. 218 process as it could detrimentally affect seniors and asked how the municipal water users would be treated. He strongly encouraged the Board to consider refinancing its bonds as proposed.

As this was an information item only, no action was taken; however, the Board will consider action at a Special Board Meeting to be held on November 4, 2008.

Director Eiskamp left the meeting at 9:28 pm

- B. Consider approval of Contract Extension with Troutman Sanders Public Affairs Group, LLC for Federal Legislative Advocacy through November 30, 2010 at a cost not to exceed \$48,000: GM reported stated that John Freshman with Troutman Sanders Public Affairs Group, LLC, has provided federal government affairs services for the Agency since 2001. More recently, he has been assisted by Patrick Anderson, a manager with the firm. She stated that during the week of October 5, 2009 Directors Osmer and Dobler, together with staff and Steve Palmisano with the City of Watsonville, met in Washington, D.C. with Mr. Freshman and Mr. Anderson. Through their efforts, we then participated in a number of high level meetings with federal legislative representatives and staff to promote our request for reimbursement on our Title XVI funding for the Watsonville Area Recycled Water Facility. GM stated that Troutman Sanders proposes to continue, during the next twelve months, to build on and broaden the foundation of Congressional support for the Agency and the associated Watsonville Area Recycling Project. In consideration of the financial condition of the Agency, staff negotiated the Troutman Sanders Public Affairs Group, LLC's down from \$6,600 per month, to a flat monthly fee of \$4,000, expenses included. After discussion, the following action was taken:

◆ Motion by Director Imazio to approve Contract Extension with Troutman Sanders Public Affairs Group, LLC for Federal Legislative Advocacy through November 30, 2010 at a cost not to exceed \$48,000 as presented. Motion carried by the following roll call vote:

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

C. Consider approval of Contract with Robert Half International for the Services of Blake Marion through January 2010 for an amount not to exceed \$37,600: GM reported that that Blake Marion has been assisting the Agency with accounting duties periodically since November 2008. He has retained through Robert Half International (formerly Account Temps). GM stated that the effects of recent extraordinary financial impacts to the Agency including the court ordered refunds of over-collected fees, ongoing litigation, the general ledger update, need for budget to actual comparison, and a budget amendment to reflect modifications in expenditures, revenues and grant flow, the Agency would continue to need a higher level of accounting support. After discussion, the following action was taken:

◆ Motion by Director Dobler to approve contract with Robert Half International for the Services of Blake Marion through January 2010 for an amount not to exceed \$37,600 as presented. Motion carried by the following roll call vote:

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

11. Reports/Informational Presentations

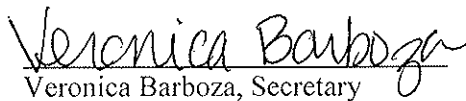
- A. Board Committee Reports:
 - 1. Report on Administrative/Finance Committee Meeting: Director Osmer reported on the October 26, 2009 meeting.
- B. Staff Reports
 - 1. Facility Operations Report: GM mentioned to the Board that the delivered water report was distributed at the meeting.

12. Written Communication/Correspondence: September

13. Future Meetings and Agenda Items

- A. Board Meeting – November 4, 2009, 7:00 pm, “New” City of Watsonville Council Chambers
- B. Ribbon Cutting Ceremony-Watsonville Area Recycling Facility-November 12, 2009, 10:30 am, City of Watsonville Treatment Facility, 500 Clearwater Lane, Watsonville *(Please note: New Entrance to Treatment Facility)*
- C. Water Quality and Project Operations Committee – November 18, 2009, 3:00 pm, *(please note new start time)* City of Watsonville Wastewater Treatment Facility, 500 Clearwater Lane, Watsonville *(Please note: New Entrance to Treatment Facility)*
- D. Board Meeting-November 18, 2009, 7:00 pm, “New” City of Watsonville Council Chambers, 275 Main Street, 4th Floor

14. Adjourned at : 9:39 pm


 Veronica Barboza, Secretary

11.18.09
 Date Approved