



PAJARO VALLEY WATER MANAGEMENT AGENCY

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Board of Directors Meeting
City Council Chambers

March 18, 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 7:05p.m. by Chair Osmer.

Board Members Present: Osmer, Imazio, Eiskamp, Kegebein (7:10 pm), Dobler, Koenig

Board Members Absent: None

Staff Members Present: Mary Bannister, Interim General Manager (IGM)
Veronica Barboza, Administrative Analyst (AA)
Nancy Trevino, Financial Analyst (FA)
Blake Marion, Accounting Consultant
Others Present: Anthony Condotti, Counsel

3. Pledge of Allegiance

4. **Oral Communications:** Joseph Pendry expressed his concerns regarding the Agency's phone voicemail system. He stated that it was difficult for him to get through to staff.

5. **Director Comments:** Director Imazio inquired if the SPPO Committee is still standing. Director Dobler commented that the Agency has no budget for a water conservation program and the Agency has no control on customers "over-pumping" wells.

6. **Counsel Report:** Counsel stated that the Agency continues to wait on the Pajaro Sunny Mesa Community Service District (PSMCSD) appeal for reconsideration. He also commented that it is necessary for the Board of Directors complete an Ethics Training. He suggested an online training can be done through the Fair Political Practices Commission's (FPPC) website.

7. **Interim General Manager Report:** IGM reported that the City will receive \$1.7 million in funds from the Title16 Federal Funding for this fiscal year.

8. Consent Agenda:

- A. Approve February 18, 2009 Minutes
- B. Approve Financial Report for February 2009
- C. Approve Disbursement Ledger for February 2009

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

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

NOES: None

ABSENT: None

ABSTAIN: None

9. Discussion and/or Action Items

A. Consider 2008/2009 Budget Amendment: IGM reported that the fiscal year 2008/2009 budget was adopted in June 2008. The budget projected total annual revenues of \$13,671,346 and expenditures of \$17,336,449. As economic factors have developed over the first three quarters of the fiscal year, an amended budget has been prepared to reflect more accurately the current financial status of the Agency. She further stated that the most significant change on the revenue side was delay in an anticipated \$2.8 million in Proposition 13 and \$7.4 million Proposition 50 grants proceeds, due to the State Budget crisis. IGM lastly, stated that the significant change on the expenditure side is the reduction of projected over-collected fee refunds from the full payout of \$11 million to the estimated one-third payout of \$4 million resulting in a \$7 million reduction in that expenditure for FY 08/09. After further discussion, the following action was taken:

◆ Motion by Director Dobler to approve 2008/2009 Budget Amendment as presented.
Motion carried by the following roll call vote:

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

B. Consider conditional lump sum refund of Pajaro Sunny Mesa Community Services District and Vega Road Mutual Water Company augmentation charges paid pursuant to Ordinance Nos 2003-01 and 2004-02: IGM reported that at the January 21, 2009 meeting, the board considered an offer of a conditional lump sum refund of Pajaro Sunny Mesa Community Services District (PSMCSD) and Vega Road Mutual Water Company augmentation charges paid pursuant to Ordinance Nos. 2003-01 and 2004-02. Judge Burdick dismissed PSMCSD’s lawsuit against the Agency, granting the Agency’s motion for judgment on the pleadings. Subsequently, Judge Burdick rejected the PSMCSD motion for reconsideration. IGM further stated that automated claim forms were generated for PSMCSD and Vega Road Mutual Water Company in the amounts of \$106,554.40 and \$19,746.60. The claim forms were hand delivered to PSMCSD on January 15, 2009. The Board authorized payment of claims in six semi- annual payments over three years, as ordered in the stipulated agreement. At the January 21, 2009 board meeting, the board moved the discussion of this item to closed session, where the board directed that the item be brought back for discussion in open session. IGM lastly stated that staff recommends that the board consider a conditional lump sum refund of the PSMCSD and Vega Road Mutual claims at the expiration of the appeal period- 60 days after entry of judgment.

Public Comments:

Harold Griffith stated that the Agency needs to “make a better offer” to PSMCSD.
Nick Buliach stated that the Agency needs to be fair when refunding its customers.

No action was taken on this item

C. Receive report on expedited claims processing and refunds: IGM provided an update to the Board regarding claims processing and refunds. She stated that a total of 3,300 claims were mailed and 1,678 have been returned, verified and ready to pay. No action was taken on this item.

- D. Discuss State of California Declaration of Drought Emergency: IGM reported that due to a third consecutive year of drought in the State of California, on February 27, 2009 Governor Schwarzenegger proclaimed a state of emergency. He directed various state government agencies to engage in activities to manage the crisis which is having a devastating impact on the environment and economy of the state, with an anticipated agricultural revenue loss in excess of \$2 billion. Among other activities, the Governor directs the Department of Water Resources (DWR) to:
1. Offer technical assistance to agricultural water suppliers and agricultural water users, including information on managing water supplies to minimize economic impacts and implementing efficient water management practices
 2. To join with other appropriate agencies to launch a statewide water conservation campaign calling for all Californians to immediately decrease their water use, and
 3. Directs state agencies to immediately implement a water use reduction plan and take immediate water conservation actions and requests that federal and local agencies also implement water use reduction plans for facilities within their control.

Lastly, GM recommended that the board consider options for responding to the Drought Emergency, including requesting agricultural as well as residential purveyor recommendations for a conservation program. Director Eiskamp suggested bringing back the mobile lab program. Director Kegebein responded stating that the Agency is not fully staffed to start up the conservation program.

Public Comments: Darlene Din stated that the mobile labs used in the Santa Cruz and Monterey Counties are funded by state grants and are currently suspended due to the economic issues.

Joseph Pendry stated that the Agency has never shown leadership on the water conservation program

- E. Consider approval of General Manager Agreement: Director Osmer reported that at the February 17, 2009, the Board of Directors considered the Interim General Manager's employment agreement. At that time, by consensus, the Board directed counsel to prepare an agreement for formal consideration in open session at the March meeting to include the following changes: 1) Amending the agreement to delete the word "Interim" from the position title, 2) Extending the term of employment from June 30, 2009 to June 30, 2010.
- Public Comments: Doug McKinney stated that he supported the General Manager Employment Agreement.

After further discussion, the following action was taken:

◆ Motion by Director Imazio to approve General Manager Employment Agreement as presented. Motion carried by the following roll call vote:

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

- F. Consider Policies and Procedures for the Collection of Delinquent Accounts: IGM reported that as a result of the Supreme Court's decision in September of 2007 denying the Agency's petition for review in the consolidated validation action proceedings, the Board of Directors adopted Ordinance No. 2007-01 in October 2007, repealing the augmentation charge increases from \$80 a/f to \$160 a/f. She further stated that in the meantime, as the Board had discussed on a number of occasions, the Agency has not actively pursued collections on delinquent augmentation charges, resulting in a significant increase in aged accounts receivable. IGM stated that the more recently, the subject of the Agency's collection policy was discussed in the context of the refund process approved as part of the stipulated judgment in the consolidated actions. Specifically, a question was raised as to the propriety of offsetting

augmentation charge refund claims against delinquent accounts. During this discussion it was suggested that the Board review the existing policy and discuss potential modifications to the policy or staff direction with regard to current collection practices. After discussion, Director Osmer suggested to bring back this item before the June 30, 2009 refund payments. Board agreed by consensus.

10. Reports/Informational Presentations

A. Board Committee Reports:

1. Report of Chair on Ad hoc Funding Committee: Director Kegebein reported on the March 9, 2009 Committee Meeting. He stated that Randy Hansen and Claudia Faunt from US Geological Survey (USGS) presented zoning maps to the committee. Also stated, that the committee is working on scheduling the Ad Hoc Funding Public Presentation.
2. Report of Chair on the Administrative/Finance Committee: Director Osmer reported on the Amended Budget.
3. Report of Chair on Water Quality and Project Operations (WQOP) Committee Meeting: IGM reported that the meetings have been moved to an every two week schedule. Also, reported that the Recycled Water Facility could start delivery on March 24, 2009.

B. Staff Reports

1. Facility Operations Report: IGM reported that a total demand of 3900 a/f of Recycled Water have been verified, twenty (20) applications have been received and are being processed.
2. Recycled Project Implementation Report: None

11. Written Communication/Correspondence: None

12. Future Meetings and Agenda Items

- A. Ad Hoc Funding Committee – March 23, 2009, 4:00 pm – 6:00 pm, PVWMA Conference Room
- B. Water Quality and Project Operations Committee – April 8, 2009, 2:00 pm-4:00 pm, Watsonville Waste Water Treatment Facility
- C. Administrative/Finance Committee – March 10, 2009, 4:00 pm, PVWMA Conference Room
- D. Board Meeting – March 18, 2009, 7:00 pm, “New” City of Watsonville Council Chamber, 275 Main St, 4th Floor

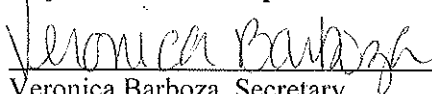
13. Closed Session

A. Conference with Real Property Negotiators

Property: Santa Cruz County APN 052-581-06
 Agency Negotiators: General Manager, General Counsel
 Negotiating Parties: PVWMA, Gary D. Mine
 Under Negotiation: Price, Terms of Payment

The closed session commenced at the conclusion of the open portion of the meeting with Directors Osmer, Imazio, Dobler, Kegebein and Koenig, General Manager Bannister and General Counsel Condotti. The meeting ended at approximately 9:30 p.m., with no members of the public present and no action reported.

14. Adjourned at : 9:30 pm


 Veronica Barboza, Secretary

4.15.09
 Date Approved