



**PAJARO VALLEY WATER MANAGEMENT
AGENCY**

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**Board of Directors Meeting
City Council Chambers**

**August 26, 2009 7:00 p.m.
275 Main Street 4th Floor
Watsonville, CA**

MEETING MINUTES

1., 2, 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 7:04 p.m. by Chair Dennis Osmer.

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

Board Members Absent: None

Staff Members Present: Mary Bannister, General Manager (GM)
Guest Secretary Berta Rodriguez
Others Present: Anthony Condotti, Agency Counsel

4. Oral Communications. None.

5. Director Comments. Director Dobler stated that after reading the comments by individual public members during the Ad Hoc Funding Committee Rate Scenarios discussion at the last Board meeting at which he had been absent, that he would again urge those public members to “be part of the solution, not part of the problem.”

6. Counsel Report. Nothing to report.

7. General Manager Report. Nothing to report.

8. Consent Agenda

- A. Approve July 15, 2009 Minutes
- B. Approve July 28, 2009 Minutes
- C. Approve Financial Reports for June, July 2009
- D. Approve Disbursement Ledger for June, July 2009

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

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

NOES: None

ABSENT: None

ABSTAIN: None

9. Discussion and/or Action Items

- A. Consider Resolutions 2009-06, 07 and 08 Expressing Appreciation to Rocio Guerrero, Shinehah Shibata, and Jesus “Chuy” Martinez for 10 years of service to PVWMA. The GM briefly

reviewed the history of each of these individual's tenure of employment as well as highlighted some of their major achievements. She concluded by noting that past Agency policy was to recognize employees at certain milestones of their employment with a monetary award but that this year would be different because of the Agency's fiscal reality. Thereafter the following action was taken:

◆ Motion by Director Dobler to approve Resolutions 2009-06, 07, and 08 as presented. Motion carried by the following roll call vote:

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

- B. Review and Discuss Modifications to the Agency Cash Flow Projection. The GM went over the significant changes in the cash flow projection since the July 2009 report. Under Revenues, the delivered water sales were \$200,000 less than anticipated. The GM listed probable causes for this decrease: a lower subscription (demand) for delivered water, a cooler spring, and a significant leak in the Clear Well that precluded storage of water for later delivery. The Water Quality and Operations Committee is to discuss solutions for ramping up the delivered water operation. She noted that the actual receipts of the augmentation revenues were \$700,000 less than projected due to a higher than expected non-payment (50% vs. projected 40%) and that Delivered Water Accounts Receivable is \$150,000 over projected balance of \$291,000, but remarked that after mailing of delinquent delivered water notices to certain delivered water customers, the A/R had improved. The GM concluded by stating that an updated cash flow projection will be included in each future Board meeting.

Chair Osmer reported that the Administrative/Finance Committee at its meeting earlier in the day had come up with several short-term solutions: (1) improve rate of collections; (2) persuade the State DWR to reimburse the Agency pursuant to Prop. 13 and 50 grants, and in fact, Directors Kegebein and Osmer are scheduled to travel to Sacramento to meet with DWR personnel on September 2nd, and (3) add recycled water delivery customers. Director Kegebein pointed out that even with these efforts, the Agency is slated to run out of funds in August of 2010, and that the Board will be facing difficult decisions in the near future. Director Eiskamp noted that the Agency could continue to operate under the protection of bankruptcy. As this was a discussion item, no action was taken.

- C. Receive report on refunds and discuss July payments. The GM distributed copies of the Refund Claims Report dated as of 8/24/2009 to the Directors and the public. Discussion followed, with each item being explained and commented upon by the GM and Chair Osmer. It was noted that pursuant to the Board-approved action to apply overdue balance account adjustments, the Agency had deducted \$214,009.68 in such offsets from a total of \$399,054.43 past due accounts during the second refund claim payment cycle, leaving approximately \$185,000 still past due. In response to Director Kegebein's question regarding strategy for collection of this past due amount, Chair stated that the Administrative/Finance Committee had reviewed all ordinances, resolutions and/or policies related to collections and will submit a revised collections ordinance to the Board for its consideration at the next Board meeting. As this was a discussion item, no

action was taken.

- D. Consider approval of letter of Chair to the Santa Cruz County Board of Supervisors regarding Santa Cruz County Appointment to the PVWMA Board. The GM noted that the open Board seat had been vacant for six months without the Santa Cruz County Farm Bureau submitting a name of a candidate to the Santa Cruz County Board of Supervisors to consider as has been customary in the past. The purpose of this letter is to solicit a candidate from the SC County Board of Supervisors in the absence of a SC County Farm Bureau recommendation. Directors Osmer, Kegebein and Eiskamp commented on the difficulties in recruiting candidates to serve at this point in the Agency's history. Director Eiskamp suggested that the SC County Farm Bureau be copied on the letter.

◆ Motion by Director Dobler to approve the proposed letter but revised to reflect that the Santa Cruz County Farm Bureau would be copied as a recipient. Motion carried by the following roll call vote:

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

- E. Receive report on staff participation in Regional Water Management Planning Efforts as requested by Director Eiskamp. The GM explained that this report had been prepared in response to Director Eiskamp's request at the July 15th Board meeting. She described the level of the Agency's participation in each of the listed regional efforts. Director Eiskamp stated that his concern was that staff was officially participating at these meetings without apparent Board approval. He pointed to John Gregg's participation in North Monterey County Ad Hoc Water Advisory Committee as an example. Director Eiskamp was of the impression that John Gregg had represented the Agency in direct conflict with his position as GM of San Benito Water District. The GM corrected that assertion by stating that John Gregg had retired as GM from San Benito Water District; further, that the Agency had asked him to examine the Agency's Central Valley Project and Mercy Springs' contractual obligations to determine whether any project deadlines or opportunities exist. Darlene Din, member of the public, stated that she had been in attendance at that meeting and that John Gregg's status was as the GM had outlined. Director Eiskamp clarified that his request included more than a listing of the regional efforts but that he wanted a report by staff whenever staff attended any such meeting in an effort to be completely transparent to the Board and the public. The GM agreed that henceforth, such a report would be provided to the Board and that it would consist of the production of the relevant agendas/minutes.

10. Reports/Informational Presentations

A. Board Committee Reports

1. Report on Ad Hoc Funding Committee Meeting. The GM stated that the August 10th meeting ADFC materials were included in the Board meeting packet. The ADFC will next meet on August 31st to review, among other items, a timeline of events. It is anticipated that shortly thereafter, the ADFC will arrive at a recommended alternative funding source for the Board's consideration.

2. Report on Administrative/Finance Committee Meeting. Chair Osmer reported that this committee had met earlier that day and details of the meeting had already been reported out during discussion of this evening's other agenda items.
3. Report on Water Quality & Project Operations Committee Meeting. The GM indicated that she did not have a report inasmuch as the committee had not met since the last Board meeting. The committee hopes to next meet in mid-September, but that a firm date has not been set.

B. Staff Reports

1. Facility Operations Report. The GM stated that this item had already reported out during discussion of this Board meeting's other agenda items.

11. Written Communication/Correspondence. None. Director Eiskamp requested that the Correspondence be caught up to date, separated by month, and included in the next Board meeting packet.

12. Future Meetings and Agenda Items

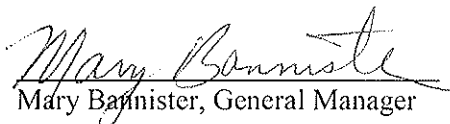
- A. Ad Hoc Funding Committee- August 31, 2009, 4:00 pm, PVWMA Conference Room
- B. Administrative/Finance Committee – September - TBD
- C. Water Quality & Project Operations Committee – September 23, 2009, 2:00 pm, City of Watsonville Wastewater Treatment Plant
- D. Board Meeting – September 16, 2009, 7:00 pm, “New” City of Watsonville Council Chambers, 275 Main St, 4th Floor

13. Closed Session

- A. Conference with Legal Counsel – Anticipated Litigation - initiation of litigation pursuant to Government Code Section 54956.9(c): (1 potential case)
- B. 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 approximately 8:00 p.m. Directors Osmer, Imazio, Kegebein, Koenig, Dobler and Eiskamp present. General Manager Bannister and General Counsel Condotti were in attendance. Director Eiskamp left the closed session after discussion of Item A concluded at approximately 8:55 p.m. The meeting adjourned at 9:05 p.m. No members of the public were present and no action was reported.

14. Adjourned at 9:05 p.m.


Mary Bannister, General Manager

9-16-09
Date Approved