



## PAJARO VALLEY WATER MANAGEMENT AGENCY

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**Board of Directors Meeting**  
**April 21, 2010, 7:00 pm**

**City Council Chambers**  
**275 Main Street, 4<sup>th</sup> Floor**  
**Watsonville, CA**

### BOARD MEETING MINUTES

#### 1. Call to Order

2. **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, 4<sup>th</sup> Floor, Watsonville, CA, at 7:05 p.m. by Chair Imazio.

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

Board Members Absent: None

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: None

#### 5. Director Comments: None

#### 6. Consent Agenda

- A. Approve March 24, 2010 Minutes
- B. Approve Financial Reports for March 2010
- C. Approve Disbursement Ledger for March 2010
- D. Approve Draft Amended Budget for Fiscal Year 2009/2010
- E. Receive Grants Update

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

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

#### 7. Discussion and/or Action Items

- A. Receive draft Preliminary Budget for Fiscal Year 2010/2011: GM reported that the figures contained within the budget are based on actual data, projections, and estimations. The budget is created on the accrual basis to be consistent with the year-end financial statements. On the accrual basis, revenues are recorded as earned and expenses recorded when incurred. GM then summarized the major assumptions made this budget. She stated that the budget also included:
  - One new staff position- an Administrative Division Manager,

- Cash refund payments of \$2,763,100 in over-collected fees (\$1,382,550 paid on July 2010 and January 2011, with final cash payout due July 2011)
- Start of a Basin Management Plan update effort mid-year at a cost of \$400,000 in FY 2010-2011 (\$800,000/year the following fiscal year).

GM's recommended timeline for budget adoption this year is as follows:

April 21	Board adopts the preliminary budget
April 26	Staff publishes required notice of availability of the preliminary budget
May 19	Board holds public hearing
June 16	Board considers adoption of final budget

Public Comments:

Joe Pendry suggested that the Agency should consider another consultant for the Basin Management Plan (BMP) Project.

After Board discussion, the following action was taken:

◆ Motion by Director Osmer to accept Preliminary Budget for FY 2010-2011 as presented. Motion carried by the following roll call vote:

<b>AYES:</b>	Imazio, Dobler, Osmer, Koenig
<b>NOES:</b>	Cavanaugh, Eiskamp
<b>ABSENT:</b>	None
<b>ABSTAIN:</b>	None

- B. Consider proposed amendments to the Agency Act: GM stated that at the request of Director Osmer from the previous meeting, the Agency Act needs to be updated. Counsel reported on the proposed amendments to the Agency Act. He stated that anecdotal accounts of the late Senator Henry Mello ramming an unfinished draft of the Agency Act through the State Legislature, to the chargin of early supporters like the late Ray AmRhein, are an oft-told part of the Agency's history. Counsel stated, that more recently, the Ad Hoc Funding Committee and the Board of Directors encountered first- hand the manner in which the financial provisions of the Agency Act limited range of options available to the Board devising a viable strategy to restore Agency funding in the wake of the adverse validation action outcome. Counsel stated that at the March 24, 2010 meeting, the Board directed staff to return with recommended amendments to the Agency Act. Chair opened to Public Comments.

Public Comments:

Marjorie Kay stated that section 710 of the Agency Act, dealing with the purchase and importation of water, not be removed from the act.

Harold Griffith Stated that section 511 of the Agency Act is outdated.

Owen Sharp said that the Board needs to amend the Agency Act to permit it to exclude the parcels east of the San Andreas Fault

Nick Buliach stated that section 710 not be changed

The Board approved by consensus to bring back this item for a future meeting.

- C. Receive Update on Rate Revisions Process: GM reported that the draft Proposition 218 Service Charge Report was approved by the Board on March 24, 2010, and staff was directed to proceed with the Proposition 218 compliant protest hearing/voting process to increase augmentation delivered water charges. GM noted to the Board the anticipated schedule for the Proposition 218 compliant protest hearings and vote as follows:
1. May 19, 2010- Public Hearing, majority determination; adopt ordinance approving increased augmentation charge (assuming no majority protest; subject to voter approval) and ordinance

approving increased delivered water charge (assuming assuming no majority protest; subject to voter approval of the augmentation charge); approve resolution calling election (augmentation charge only)

2. End of May- Mail ballot and election materials to property owners (augmentation charge only)
3. End of July- Canvas ballots (augmentation charge only), certify election results, and (assuming voter approval) confirm new rates for Augmentation and Delivered Water Charges.

Several informational sheets have been prepared addressing the process and specific questions and comments for the public. No action was taken on this item.

- D. Consider Resolution 2010-04 A Resolution of the Board of Directors of the Pajaro Valley Water Management Agency Amending Procedures for Public Hearing Notice, Majority Protest and Election Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge: GM briefly summarized the resolution to the Board and stated that the Board’ s adoption of Resolution 2010-03, Special Counsel Richard Shanahan noted an oversight relating to the augmentation charge and weighted voting. Section 3(c) provides for weighted voting “according to the proportional financial obligation of the voter’s parcel” The remainder of subsection (c) then provides for the number of votes to be based upon the parcel’s acre-feet of pumped groundwater. GM stated that this vote assignment works if there is a uniform augmentation charge rate. However, for the proposed augmentation charge there are three separate rates—metered- outside delivered water zone; metered- inside delivered water zone; unmetered. Consequently, in order to properly allocate votes based on the proportional financial obligation of the parcel, the vote allocation methodology should take the next step and convert acre-feet into an annual augmentation charge amount. GM stated that staff recommended that the Board adopt Resolution 2010-04, as it clarifies that the votes will be calculated and assigned based on the estimated annual charge and the annual acre-feet of pumped groundwater.

Public Comments:

Skip Fehr inquired if the voting is based on the amount of water used? Or on the last 5 years of water usage.

After Board discussion, the following action was taken:

◆ Motion by Director Dobler to approve Resolution 2010-04 Amending Procedures for Public Hearing Notice, Majority Protest and Election Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge as presented. Motion carried by the following roll call vote:

<b>AYES:</b>	Imazio, Cavanaugh, Dobler, Osmer, Koenig
<b>NOES:</b>	Eiskamp
<b>ABSENT:</b>	None
<b>ABSTAIN:</b>	None

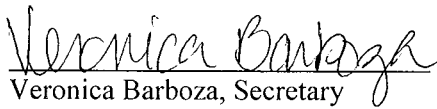
**8. Future Meetings and Agenda Items**

- A. Administrative/Finance Committee Meeting- May 18, 2010, 4:00 pm, PVWMA Conference Room – **(GM suggested to move this meeting to May 11, 2010. Board agreed)**
- B. Board Meeting- May 19, 2010, 7:00 pm, “New” City of Watsonville Council Chambers, 275 Main Street, 4<sup>th</sup> Floor **(GM suggested to move up the start time for the Board Meeting to 5:00 pm- Board agreed)**

**9. Closed Session – (Item Pulled)**

- A. Conference with Legal Counsel – Anticipated Litigation  
(Significant exposure to litigation pursuant to Subdivision (b) of Section 54956.9)  
(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)

**10. Adjourned at: 8:41 pm**

  
Veronica Barboza, Secretary

5.19.10  
Date Approved