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Water Agency Considers Drought Project Funding and Debt Reduction

Watsonville, CA – At its August 20, 2014 meeting, the Board of Directors of the Pajaro Valley Water Management Agency (PVWMA) will consider a proposal by the Agency's Ad Hoc Funding Committee to expedite construction of a recycled water storage tank to help farmers reduce groundwater pumping during the drought.

This estimated project cost is \$6,200,000 which can be financed with new State drought related bonds at an extremely favorable rate of 1% instead of the typical municipal funds rate of 3%. This rate reduction translates into a savings of \$124,000 per year, on a 20 year bond. Everyone who uses water in the Pajaro Valley, residents and farmers alike, pays the PVWMA for water. If the Agency can obtain financing at lower rates, everyone benefits. The Committee also recommended refinancing some of the Agency's existing construction debt for existing water supply projects for a similar savings.

In order to qualify for this financing the PVWMA Board will consider eliminating the sunset clause on current rates which was adopted by the Board in September 2010 after voter approval of the current rate structure. At that time the PVWMA Board supported a 5 year time limit to ensure that the Agency garnered public support of a Basin Management Plan to bring the over-drafted groundwater basin into balance. The updated BMP adopted by the PVWMA Board this year is expected to almost completely bring the basin into balance by 2025, while halting salt water intrusion.

PVWMA's Board of Directors will consider rescinding the sunset provision at its meeting on August 20, 2014. There will also be discussion on implementing new rates in summer of 2015, ahead of the planned October 2015 schedule, in response to the need for immediate action in the face of the severe drought affecting California.

Additional information may be found on the Agency's website – www.pvwater.org, and comments on the elimination of the sunset provision may be sent to information@pvwater.org.

The PVWMA is a public agency whose mission is to protect and preserve the water resources within the agency's jurisdiction, generally the greater coastal Pajaro Valley.

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