

Public Review Draft

Pajaro Valley Water Management Agency and Reclamation District 2049 Service Review



Pajaro Valley
Water Management Agency



*RECLAMATION
DISTRICT 2049
COLLEGE LAKE*

November 2017



Local Agency
Formation Commission
of Santa Cruz County
701 Ocean Street, Room 318D
Santa Cruz CA 95060

Public Review Draft

2017 Service and Sphere Reviews for the Pajaro Valley Water Management Agency
and Reclamation District 2049

Public Hearing Date: December 6, 2017

<u>Table of Contents</u>	<u>Page</u>
Executive Summary.....	2
Pajaro Valley Water Management Agency Reclamation District 2049	
State Law Regarding Service Reviews and Spheres of Influence.....	3
Pajaro Valley Water Management Agency	
Agency Profile	5
Service Review Checklist	11
Sphere of Influence	24
Reclamation District 2049 (College Lake)	
Agency Profile	25
Service Review Checklist	31
Sphere of Influence	37

EXECUTIVE SUMMARY

LAFCO periodically performs municipal service reviews¹ and updates, as necessary, the sphere of influence of each agency subject to LAFCO's boundary regulation. This report has been prepared to analyze two water agencies in the Pajaro Valley: the Pajaro Valley Water Management Agency and Reclamation District 2049 (College Lake). The main conclusions of this report are:

Pajaro Valley Water Management Agency

1. The Pajaro Valley Water Management Agency (PVWMA) is addressing one of the major environmental problems in Santa Cruz County—the overdraft of the Pajaro aquifers and the subsequent sea water intrusion into the aquifers.
2. The PVWMA has adopted and prepares updates to a Basin Management Plan, which includes groundwater metrics, water conservation programs, supplemental supply projects, and costs designed to accomplish its mission.
3. The PVWMA maintains a robust website, conducts public meetings, prepares budgets and audits and otherwise functions in a manner that is consistent with state laws and that makes the Agency's activities accessible to the residents of the Pajaro Valley.
4. The PVWMA is designated under the Sustainable Groundwater Management Act as the agency in charge of managing the Pajaro Valley basin, and is working with regional partners to address long-term sustainability of the regional groundwater resources.
5. The PVWMA should consider proposing a Sphere of Influence as part of their next Basin Management Plan Update, and analyzing the Sphere proposal in the environmental document for the Basin Management Plan Update.

¹ Government Code Section 56430 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). [The last service review](#) of the Pajaro Valley Water Management Agency and Reclamation District 2049 was prepared by LAFCO in 2005:



Reclamation District 2049 (College Lake)

1. For almost 100 years, Reclamation District 2049 has successfully operated the seasonal drainage of College Lake so that the lake bottom can be farmed in the summer.
2. Environmental rules, particularly those designed to protect the threatened steelhead, have made it difficult to maintain the historic system of drainage.
3. As is common with small districts in California, Reclamation District 2049 is challenged to comply with the laws that apply to all public agencies in California, such as audit, claims processing, and Brown Act compliance. The District has adopted bylaws and revised practices after the 2012 audit. Another audit is under preparation by the County Auditor.
4. The Pajaro Valley Water Management Agency has prioritized a water supply project in College Lake that, if implemented, would utilize College Lake for water storage and environmental enhancement objectives. If that project is implemented, there will be no need for the drainage activities of Reclamation District 2049. If the PVWMA project is implemented, the Sphere of Influence of Reclamation District 2049 should be changed from its current status quo sphere to a zero sphere, and the Reclamation District should be dissolved.

PURPOSE OF SERVICE REVIEW

The purpose of a service review, sometimes called a “municipal service review” or “MSR”, is to provide a comprehensive inventory and analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities, districts, and service areas. A service review evaluates the structure and operation of an agency and discusses possible areas for improvement and coordination. A service review is used by LAFCO when updating a sphere of influence, and can be used by the subject agencies when considering changes in their operations.

A written statement of determinations must be made in the following areas:

1. Growth and population projections for the affected area.

2. The location and characteristics of any disadvantaged communities within or contiguous to the agency's sphere of influence.
3. The present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including need or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the agency's sphere of influence.
4. The financial ability of agencies to provide services.
5. The status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

PURPOSE OF SPHERE OF INFLUENCE

A "sphere of influence" is defined in state law to be a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO in county where the agency is based. The sphere of influence is adopted and amended by LAFCO following a public hearing. The sphere action includes a map, determinations, and a resolution, which may contain recommendations and implementation steps specific to the agency. State law requires LAFCO to make determinations upon the following subjects:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For a city or district that provides sewers, water, or structural fire protection, the present and probable need for those services in any disadvantaged unincorporated communities within the existing sphere of influence.

In this report, the sphere of influence analysis follows the service review analysis, and is organized using the above determinations as an outline. State law requires that all boundary changes (annexation, detachment, consolidation, dissolution, etc.) be consistent with LAFCO's policies and the adopted sphere of influence of the subject agency.

PROJECT

Project Name: 2017 Service Review for the Pajaro Valley Water Management Agency

Prepared By: Patrick McCormick
 LAFCO Executive Officer
 701 Ocean Street, Room 318-D, Santa Cruz
 (831) 454-2055
pat@santacruzlafco.org

Date: November 20, 2017

PAJARO VALLEY WATER MANAGEMENT AGENCY PROFILE

Board of Directors	Appointed or Elected by	Year of First Service on the Board	Date of Term Expiration
Rosemarie Imazio (Chair)	Watsonville City Council	1998	11/30/2018
Amy Newell (Vice Chair)	Voters of Division C (Watsonville)	2013	11/30/2018
Donald Bussey	Voters of Division B (Freedom)	2016	11/30/2020
David Cavanaugh	Santa Cruz County Board of Supervisors	2009	11/30/2018
Robert Culbertson III	Voters of Division D (Salsipuedes, Monterey County, San Benito County)	2017	11/30/2018
Dwight Lynn	Voters of Division A (Corralitos, La Selva)	2010	11/30/2018
Javier Zamora	Monterey County Board of Supervisors	2013	11/30/2018

Regular Meetings: The Board of Directors meetings are held on third Wednesday at 7:00 p.m. at the Watsonville City Council Chambers. 275 Main Street. 4th floor. Watsonville CA 95076.

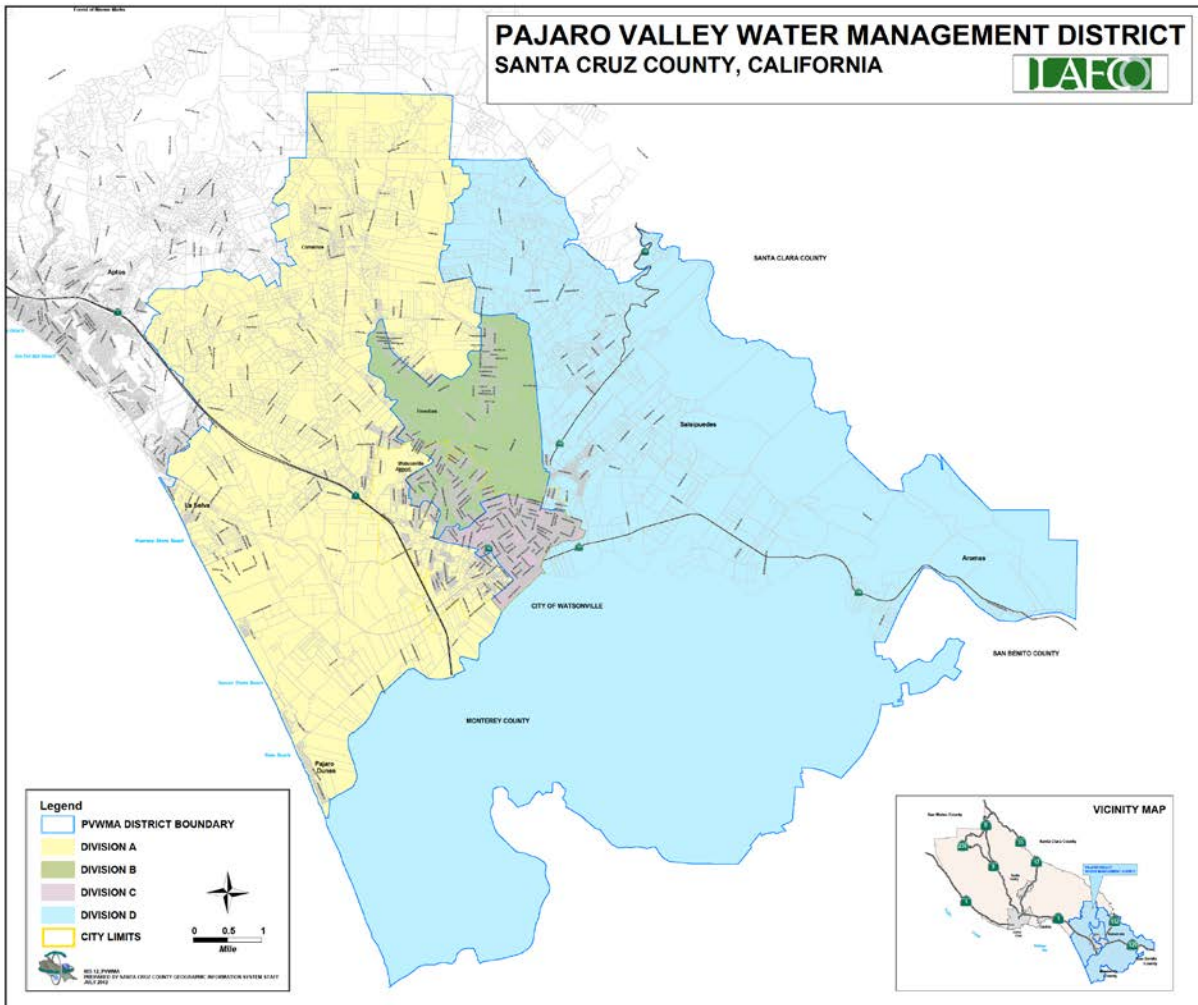
District Manager: Brian Lockwood

Address: 36 Brennan Street, Watsonville CA 95076

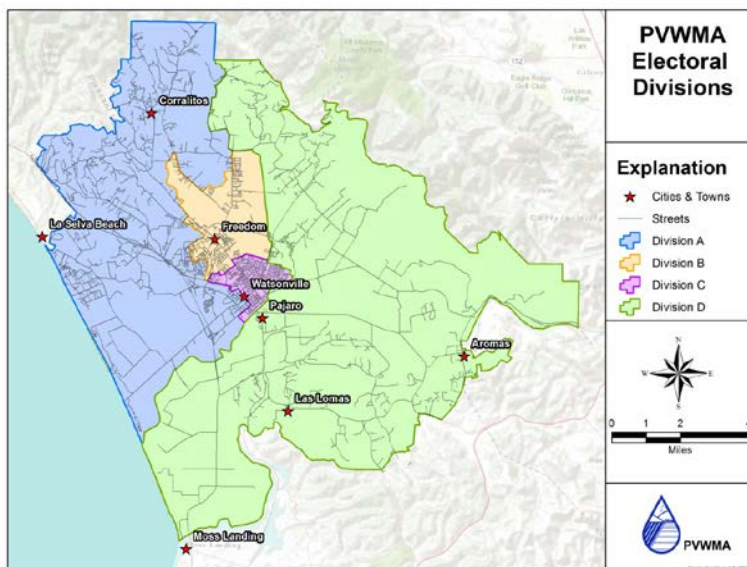
Phone: (831) 722-9292

Website: www.pvwater.org

Pajaro Valley Water Management Agency 2017 Service Review Services Currently Being Provided:	Drainage	Retail Domestic Potable Water	Wholesale Water	Water Treatment	Recycled Water	Agricultural Water	Groundwater Replenishment	Water Conservation Programs
	PVWMA			●	●	●	●	●



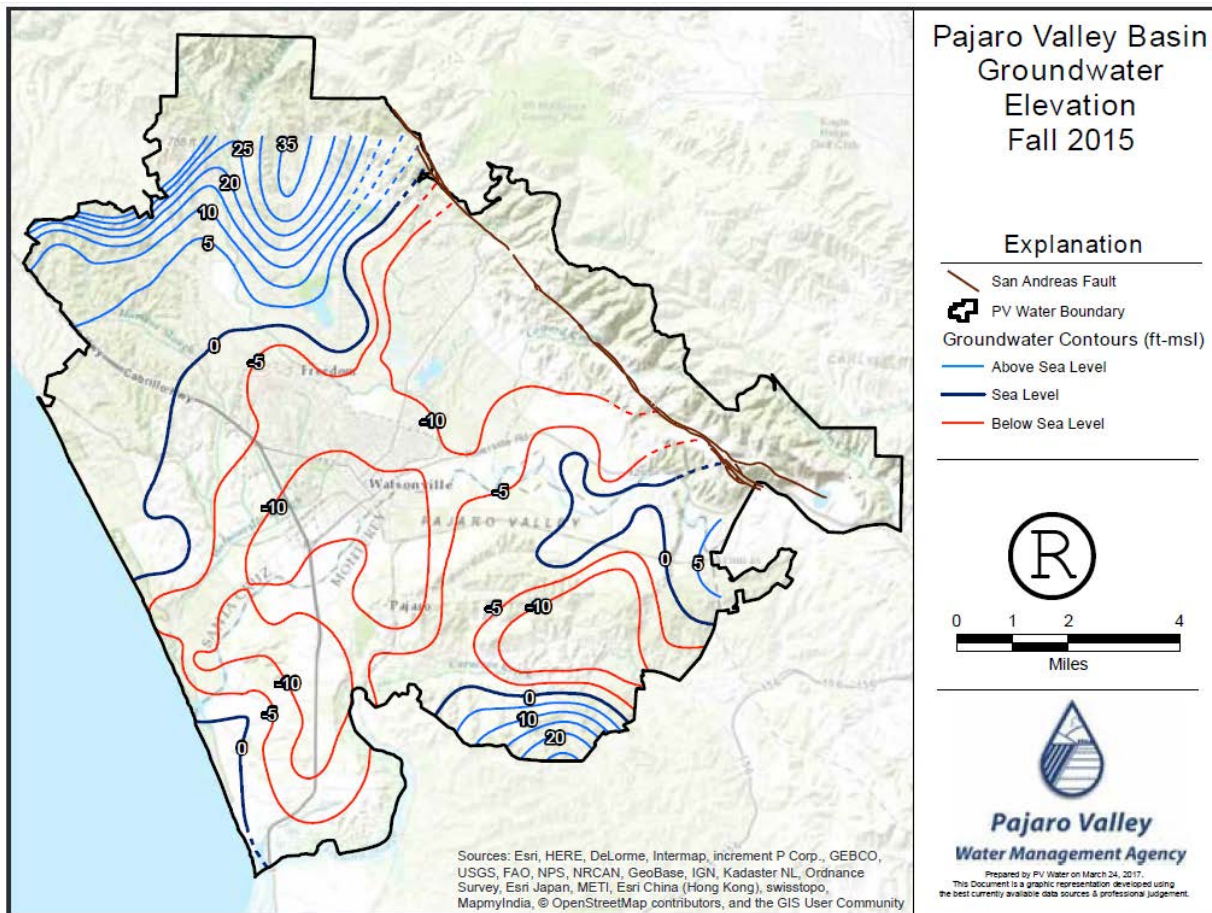
Link to [Pajaro Valley Water Management Agency map](#).



GROUNDWATER OVERDRAFT

Groundwater overdraft and salt water intrusion into the Pajaro Valley aquifer was first documented in 1950 in California Department of Water Resources Bulletin 15. In 1980, California Department of Water Resources Bulletin 118-80 identified the Pajaro groundwater basin as one of the eleven basins in the state that were critically overdrafted. In order to address the overdraft at the local level, the Pajaro Valley Water Management Agency was formed in 1984 following a special enabling act² adopted by the Legislature and a vote of the voters of the Pajaro Valley. The Agency was not reviewed by LAFCO prior to formation. Following formation, the Agency became subject to LAFCO's review for annexations and other changes of organization. The purpose of the Agency is to manage existing and supplemental water supplies in order to prevent further increase in overdraft and to accomplish a reduction in overdraft.

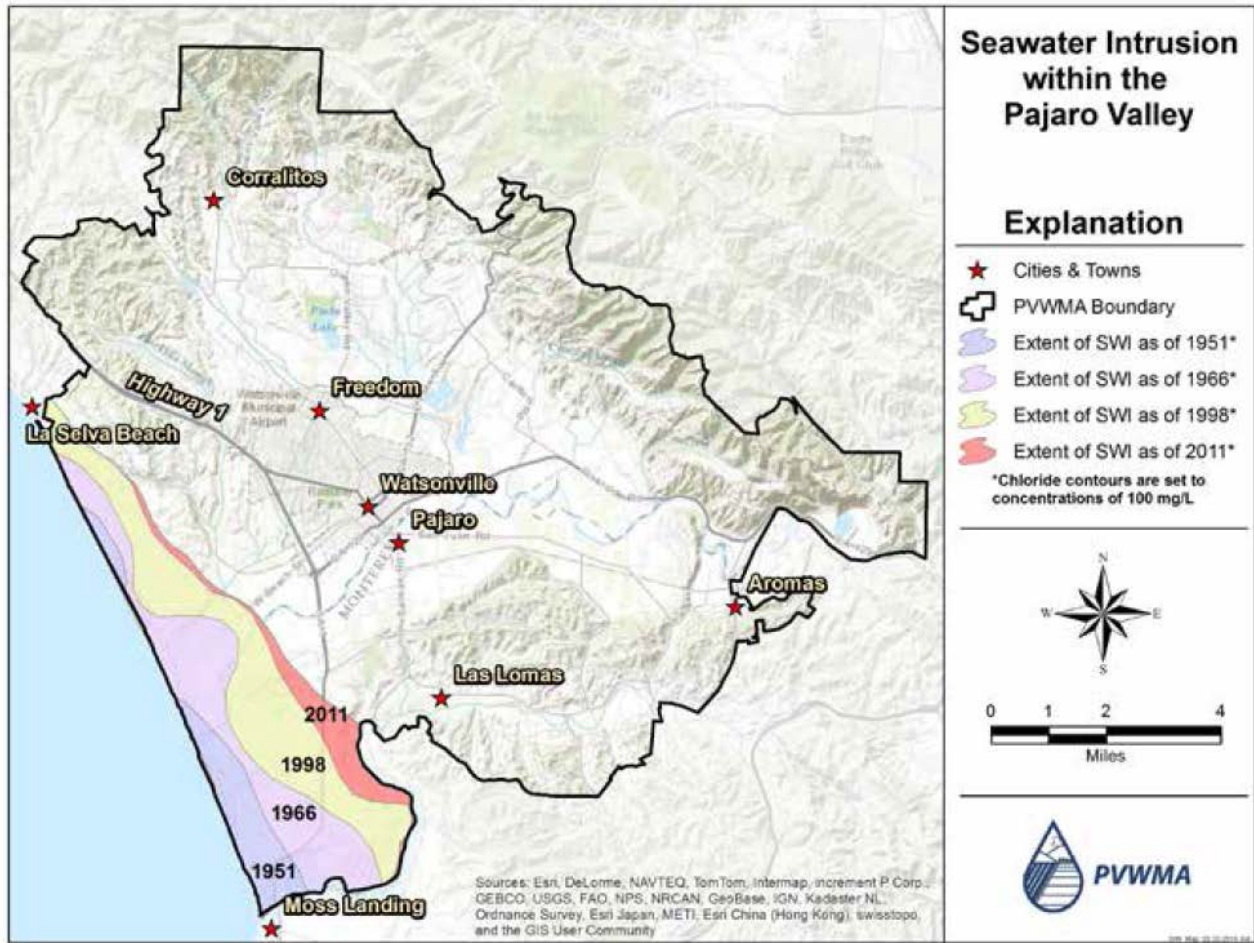
Groundwater levels in much of the basin are below sea level:



Source: PVWMA, 2016 Annual Report, page 8.

² Senate Bill 2037 of 1984, California Water Code Appendix; Chapter 24, [Sections 124-1 to 124-1108](#)

As a result of low groundwater levels, salt water intrusion is occurring in the coastal areas of the basin:



Source: Figure ES-2, 2014 Basin Management Plan

Groundwater is the principal source of water in the Pajaro Valley. Groundwater use during the period from 2001 to 2013 varied from approximately 45,000 acre-feet per year to approximately 62,000 acre-feet.

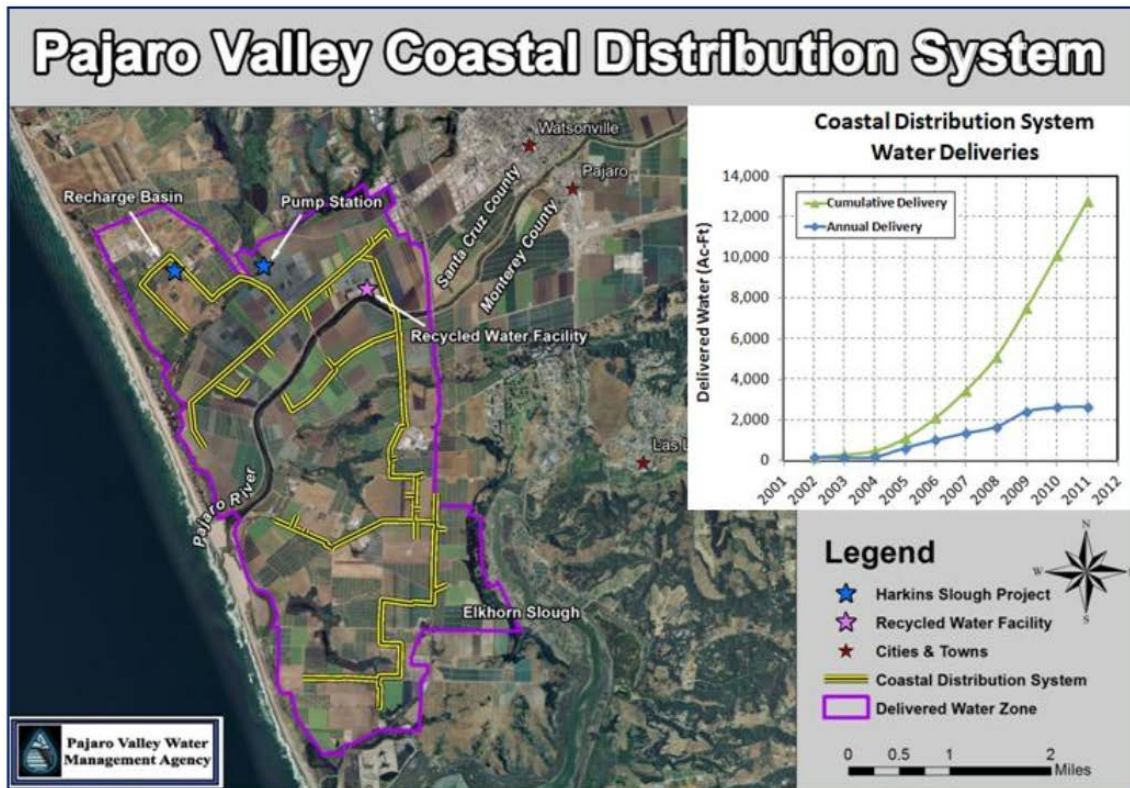
Pajaro Valley Water Use

Groundwater Usage by Calendar Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Metered Wells	44,189	43,896	45,010	48,024	41,177	41,482	47,275	50,015	43,620	37,642	36,129	42,026	47,360
Non-metered Wells (Estimated)	568	595	600	574	606	490	331	309	344	302	290	331	251
Delivered Water	0	158	139	207	603	990	1,337	1,665	2,405	2,680	2,751	3,788	4,275
City of Watsonville (Groundwater)	6,527	6,617	6,796	7,055	6,575	7,002	6,936	7,654	6,934	6,223	6,000	6,383	7,033
City of Watsonville (Surface Water)	1,093	1,066	843	752	1,002	913	991	340	372	733	905	633	368
Other Municipal	1,245	1,256	1,261	1,289	1,226	572	1,285	1,223	2,167	1,034	1,058	1,104	1,171
Rural Residential (Estimated)	1,691	1,695	1,695	1,577	1,492	1,466	1,494	1,495	1,486	1,474	1,127	1,133	1,139
Sum of Groundwater Usage (af)	54,220	54,059	55,363	58,639	51,555	51,826	58,467	62,149	55,452	47,600	45,123	52,009	58,057
Sum of Water Usage (af)	55,313	55,283	56,344	59,478	52,682	52,916	59,648	62,702	57,329	50,088	48,259	55,397	61,596

Source: Table 2-7, 2014 Basin Management Plan

The Agency has completed three facilities to provide supplemental water:

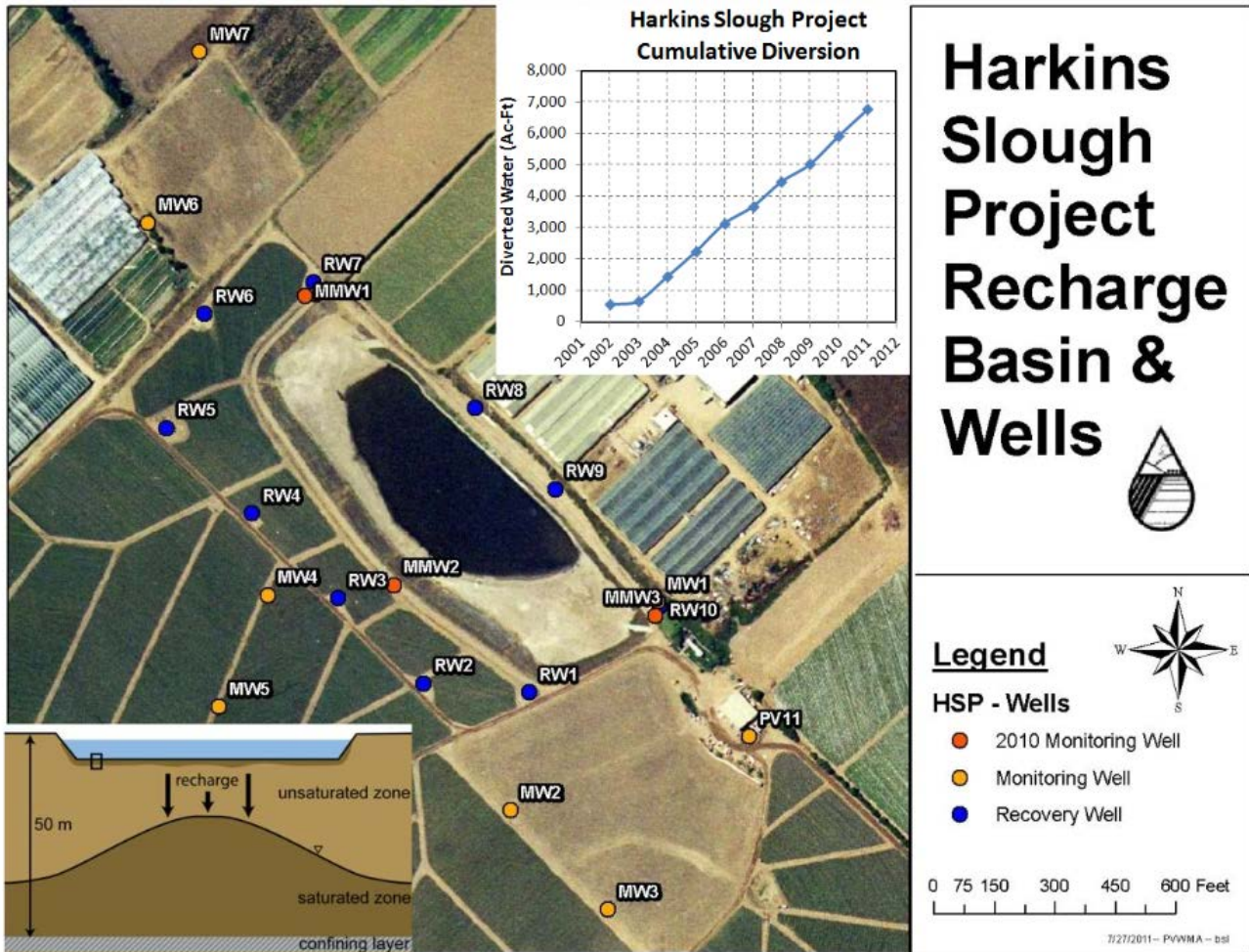
- The City of Watsonville and the Pajaro Valley Water Management Agency have constructed and are operating a Recycled Water Treatment Plant, adjacent to the City's Wastewater Treatment Plant, to treat the municipal sewage for use in irrigating agricultural crops.
- A Coastal Distribution System, to transport recycled water (mixed with well water to improve the quality) to the coastal areas of the Pajaro Valley that are experiencing saltwater intrusion in their wells.



Watsonville Wastewater Treatment Plant and Recycled Water Facility

- The Harkins Slough Managed Aquifer Recharge Facilities which diverts surface water, treats it, recharges groundwater, and recovers it from the groundwater.

Harkins Slough Project Re-Charge Site



Based upon hydrological modeling, the Agency will need to achieve further water conservation (5,000 acre-feet) and optimize existing water supplies and develop supplemental water sources (7,000 acre-feet) in order to stop further salt water intrusion.

The Agency's efforts are guided by a Basin Management Plan, which was last updated in 2014. The seven priority projects in the Basin Management Plan are:

- Water conservation
- Increasing recycled water deliveries
- Upgrading the Harkins Slough Recharge facilities
- Increasing the recycled water storage at the treatment plant in order to be able to deliver more water.
- Adding additional basins for the Harkins Slough facility and intakes upstream in Watsonville Slough
- Utilizing College Lake for storage and diversion of surface water to the Coastal Distribution System.
- Capturing winter storm flows of the Pajaro River at Murphy Crossing and constructing recharge basins north of Highway 129.

The Agency has estimated the yield and costs per acre feet of these projects, which are estimated to reduce pumping by 12,100 acre-feet of water per year.

PVWMA PROJECTS AND PROGRAMS

Project or Program	Estimated Yield, AFY	Planning Level Cost Estimate, \$/af
Increased Recycled Water Deliveries	1,250	1
Conservation	5,000	200 ²
Harkins Slough Recharge Facilities Upgrades	1,000	500
Increased Recycled Water Storage at Treatment Plant	750	700
Watsonville Slough with Recharge Basins	1,200	1,000
College Lake with Inland Pipeline to CDS	2,400 ³	1,100
Murphy Crossing with Recharge Basins	500	1,400

- 1) No cost is associated with increased recycled water deliveries.
- 2) Cost does not include 3-5 year program cost of \$250,000 - \$300,000 annually.
- 3) College Lake yield estimated at 2,100 to 2,400 acre-feet per year.

Source: Table 4-1, 2014 Basin Management Plan

The PVWMA is cooperating in innovative research³ to identify locations to utilize storm water to recharge the aquifer, and to design a program (“Recharge Net Metering”) to incentivize property owners to install storm water recharge facilities. The PVWMA has budgeted to begin the test phase of this program during FY 2017-18.

The State Groundwater Management Act identifies the Pajaro Valley basin as critically overdrafted and designates the Pajaro Valley Water Management Agency to be the managing agency of the Pajaro Valley Basin. The act requires that the Agency prepare a Groundwater Sustainability Plan no later than January 31, 2020 that would bring the basin into sustainable operations no later than 2040-42. “Sustainable” in the Act means that the basin would no longer be overdrafted and that sea water intrusion would be halted.



New 2017 Storage Tank at Recycled Water Facility

³8/10/2016 article: [Creating Incentives to Boost Groundwater Recharge](#), Padma Nagappan

SUMMARY OF POTENTIALLY SIGNIFICANT SERVICE REVIEW DETERMINATIONS

SUMMARY

- 1. Growth and Population
- 2. Disadvantaged Unincorporated Communities
- 3. Capacity, Adequacy & Infrastructure to Provide Services
- 4. Financial Ability
- 5. Shared Services
- 6. Accountability
- 7. Other

1. GROWTH AND POPULATION

Growth and population projections for the affected area.

	YES	MAYBE	NO
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on your agency’s service needs and demands?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Will projected growth require a change in the agency’s sphere of influence boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: The Agency’s Basin Management Plan expects modest population growth within the Agency’s service area.

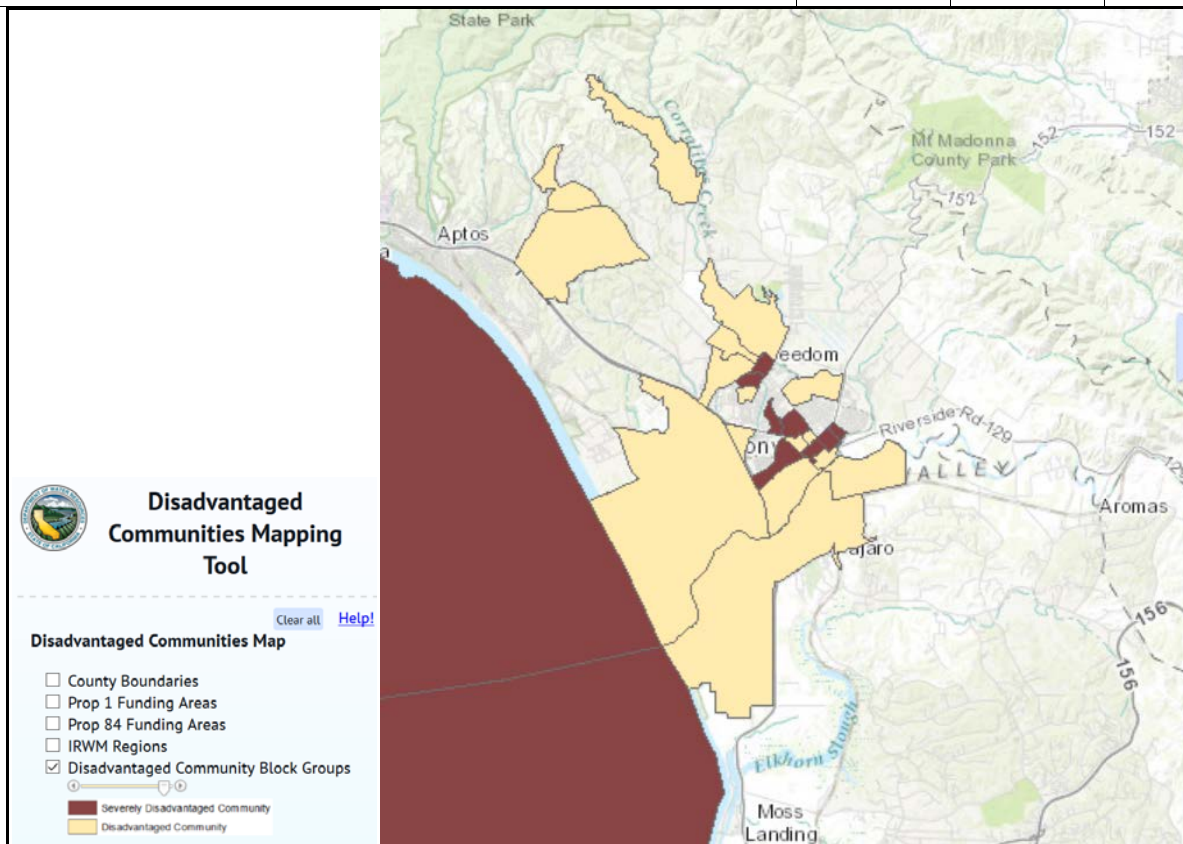
	2010	2015	2020	2025
Watsonville Population	65,739	66,826	68,759	71,318

Source: Table 2-6, Urban Population Growth, 2014 Basin Management Plan

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to your agency's sphere of influence.

	YES	MAYBE	NO
a) Does your agency provide water or sanitary sewer service? If no, skip questions b) and c).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency aware of any area(s) within or adjacent to your agency's sphere of influence that is considered "disadvantaged" (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Is it feasible for your agency to extend service to the disadvantaged unincorporated community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



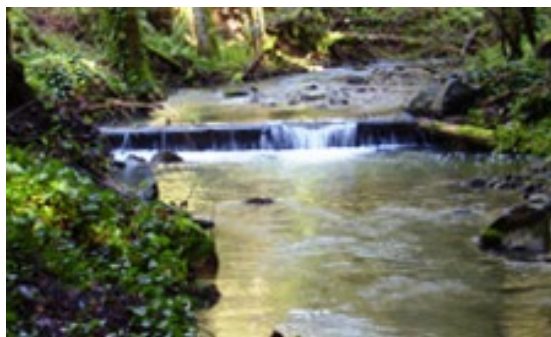
Discussion: The Agency provides recycled water (purple pipe) for agricultural use only. It does not provide domestic water services. The Agency's services are provided to the entire Pajaro Valley. Both disadvantaged and non-disadvantaged areas receive the groundwater management services of the PVWMA on an equal basis.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding your agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: c) and d) The Pajaro Basin continues to be in a state of overdraft. The Agency has adopted and updates a Basin Management Plan that quantifies the overdraft and prioritizes programs and projects to further conserve water and to develop supplemental sources.



4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

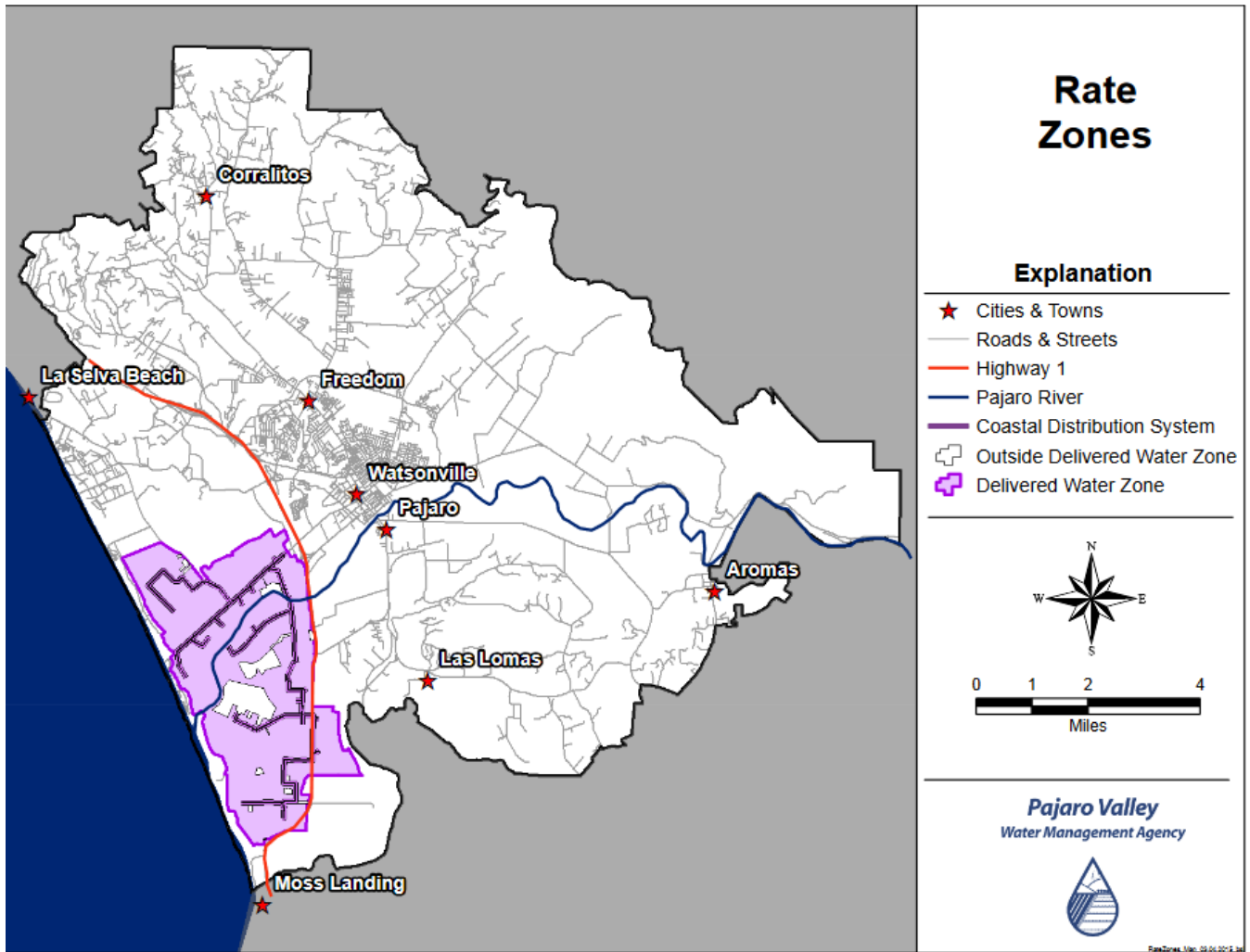
	YES	MAYBE	NO
a) In the last five years, has your agency failed to obtain an independent audit, or adopted its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency lacking adequate reserves to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Is your agency's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Is your agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: The Agency's main revenue sources are augmentation charges and grants. Augmentation charges are calculated from either actual or estimated amounts of water that a property owner uses from the groundwater.

PVWMA CHARGES	
USER CLASS	COST OF SERVICE RATE (Unit Cost Per acre Foot)
AUGMENTATION CHARGES	
- Metered Users Outside Delivered Water Zone	\$217
- Metered Users Inside Delivered Water Zone	\$282
- Unmetered Users (Rural Residential)	\$206
DELIVERED WATER CHARGE	\$369

Notes:

- (1) The Delivered Water Zone is the coastal area where purple pipe has been installed.
- (2) Unmetered rural residential users are estimated to use 0.5 acre feet per year, and are charged \$103.
- (3) Delivered water is the recycled water distributed in the purple pipes.



Source:

http://www.pvwma.dst.ca.us/media-room/notices/RateZones_Map_and_Rates_Table_2015-03-04.pdf

PAJARO VALLEY WATER MANAGEMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016
(WITH SUMMARY TOTALS FOR JUNE 30, 2015)

	General	Special Revenue	Debt Service	Capital Projects	Memorandum Only	
					2016 Total	2015 Total
ASSETS						
Cash and equivalents	\$ 1,332,801	\$ 1,894,613	\$ -	\$ -	\$ 3,227,414	\$ 9,238,009
Restricted cash	-	-	253,421	-	253,421	253,186
Investments	1,070,950	5,000,000	-	-	6,070,950	1,067,112
Accounts receivable	43,981	2,727,477	-	-	2,771,458	3,319,916
Grants receivable	-	405,349	-	-	405,349	364,446
Interest receivable	1,527	-	-	-	1,527	754
Notes receivable	-	33,333	-	-	33,333	33,333
Interfund receivable	61,119	-	-	11,022	72,141	658,597
Prepaid expenses	27,882	18,369	-	-	46,251	42,979
Total assets	\$ 2,538,260	\$ 10,079,141	\$ 253,421	\$ 11,022	\$ 12,881,844	\$ 14,978,332
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Interfund payable	\$ -	\$ 72,141	\$ -	\$ -	\$ 72,141	\$ 658,597
Accounts payable and other accrued liabilities	85,059	791,468	-	1,050,985	1,927,512	888,507
Total liabilities	85,059	863,609	-	1,050,985	1,999,653	1,547,104
Deferred Inflows of Resources:						
Unavailable revenue	-	3,652	-	-	3,652	258,135
Total deferred inflows of resources	-	3,652	-	-	3,652	258,135
Fund Balances:						
Restricted for capital projects	-	-	-	(1,039,963)	(1,039,963)	(23,343)
Restricted for debt service	-	-	253,421	-	253,421	843,362
Committed for Basin Management Plan	-	6,139,550	-	-	6,139,550	664,727
Committed for Facility Operations	-	-	-	-	-	176,557
Committed for Grant Administration	-	311,096	-	-	311,096	139,561
Committed for Conservation	33,592	-	-	-	33,592	163,228
Committed for Professional Services	-	188,654	-	-	188,654	84,661
Committed for Information Technology	74,438	-	-	-	74,438	37,741
Unassigned	2,345,171	2,572,580	-	-	4,917,751	11,086,599
Total fund balances	2,453,201	9,211,880	253,421	(1,039,963)	10,878,539	13,173,093
Total liabilities, deferred inflows of resources and fund balances	\$ 2,538,260	\$ 10,079,141	\$ 253,421	\$ 11,022	\$ 12,881,844	\$ 14,978,332

PAJARO VALLEY WATER MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS

For the year ended June 30, 2016

(WITH SUMMARY TOTALS FOR JUNE 30, 2015)

	General	Special Revenue	Debt Service	Capital Projects	Memorandum Only	
					2016 Total	2015 Total
Revenues:						
Management fees	\$ 383,938	\$ -	\$ -	\$ -	\$ 383,938	\$ 383,634
Augmentation charges	-	9,443,150	-	-	9,443,150	9,226,566
Interest income	6,930	92,225	236	-	99,391	141,756
Water sales	-	1,528,990	-	-	1,528,990	1,468,510
Grant income	-	12,482,003	-	-	12,482,003	133,722
Other income	17,445	50,207	-	-	67,652	135,059
Total revenues	408,313	23,596,575	236	-	24,005,124	11,489,247
Expenditures:						
Supplies and equipment	5,027	101,715	-	7,437	114,179	75,180
Monitoring well	-	66,262	-	-	66,262	55,603
Conservation	49,972	9,379	-	-	59,351	126,753
Delivered water	-	35,823	-	-	35,823	258,988
Professional services	116,594	602,161	-	4,350,613	5,069,368	1,992,403
Bond issuance costs	-	-	307,593	-	307,593	315,837
Personnel	27,732	1,531,433	-	195,018	1,754,183	1,599,713
Operating	57,139	2,637,011	-	-	2,694,150	2,076,355
Training and travel	5,965	14,732	-	-	20,697	18,290
Debt service:						
Principal	-	-	27,142,574	-	27,142,574	23,422,899
Interest	-	-	1,483,862	-	1,483,862	2,784,287
Total expenditures	262,429	4,998,516	28,934,029	4,553,068	38,748,042	32,726,308
Revenues over (under) expenditures	145,884	18,598,059	(28,933,793)	(4,553,068)	(14,742,918)	(21,237,061)
Other financing sources (uses)						
Issuance of refunding bonds	-	-	11,435,000	-	11,435,000	19,970,000
Bond premium on refunding bonds	-	-	1,013,542	-	1,013,542	2,193,676
Operating transfers in	-	-	15,895,310	3,536,448	19,431,758	4,841,632
Operating transfers out	-	(19,431,754)	-	-	(19,431,754)	(4,841,632)
Total other financing sources (uses)	-	(19,431,754)	28,343,852	3,536,448	12,448,546	22,163,676
Net change in fund balance	145,884	(833,695)	(589,941)	(1,016,620)	(2,294,372)	926,615
Fund balance, beginning	2,307,317	10,045,575	843,362	(23,343)	13,172,911	12,246,478
Fund balance, ending	\$ 2,453,201	\$ 9,211,880	\$ 253,421	\$ (1,039,963)	\$ 10,878,539	\$ 13,173,093

PVWMA AUDITED REVENUES AND EXPENDITURES			
	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Actual
Fund Balance, start of year	\$9,628,040	\$12,246,478	\$13,172,911
Revenues			
Management fees	383,206	383,634	383,938
Augmentation charges	10,353,722	9,226,566	9,443,150
Interest income	20,253	141,756	99,391
Water sales	1,555,441	1,468,510	1,528,990
Grant income	114,102	133,722	12,482,003 ⁴
Other income	236,850	135,059	67,652
Total Revenue	12,663,574	11,489,247	24,005,124
Expenditures			
Supplies and equipment	80,855	75,180	114,179
Monitoring well	77,058	55,603	66,262
Conservation	115,492	126,753	59,351
Delivered water	335,310	258,988	35,823
Professional services	1,254,542	1,992,403	5,069,368 ⁵
Bond issuance costs	0	315,837	307,593
Personnel	1,514,707	1,599,713	,754,183
Operating	2,382,934	2,076,355	2,694,150
Training and travel	18,007	18,290	20,697
Debt service:			
Principal	1,643,132	23,422,899 ⁶	27,142,574 ⁷
Interest	2,623,099	2,784,287	1,483,862
Total Expenditures	10,045,136	32,726,308	38,748,042
Net Surplus (Deficit)	2,618,438	(21,237,061)	(14,742,918)
Other financing sources (bond refunding and operating transfers)	0	22,163,676	12,448,546
Net change in fund balance	2,618,438	926,615	(2,294,372)
Fund Balance, end of year	\$12,246,478	\$13,173,093	\$10,878,539
Non-Financial Metrics			
Deliveries of blended recycled water (acre feet)	4,700	4,300	4,300
Overall water consumption (acre feet)	61,230	54,600	52,300

⁴ In FY 15-16, the Agency received a major grant from the US Bureau of Reclamation to help pay for part of the costs to build the Watsonville Recycled Water Treatment Facility.

⁵ In FY 15-16, the Agency invested \$ 4.4 million in capital projects identified in the Basin Management Plan.

⁶ In FY 14-15, the Agency refinanced debt by issuing \$20 million in revenue bonds.

⁷ In FY 15-16, the Agency refinanced debt by issuing \$11.4 million in revenue bonds.

**Summary by Service
July, 2017 to June 30, 2018**

	General Funds (10)		Special Revenue Funds (20)					Capital Projects Fund (30)	Debt Service Funds (40)	FY 17-18 Proposed Budget	FY 18-17 Amended Budget	\$ Diff	% Diff
	General Fund Agency Admin	Facility Operations	Basin Management	Special Revenue Fund General Admin	Grant Admin	Conservation	Special Revenue Fund Public Education & Outreach	Capital Projects	Debt Service	FY 17-18 Preliminary Budget	FY 18-17 Amended Budget	\$ Diff	% Diff
Revenues and Sources of Funds													
Management Fees	\$ 384,000									384,000	383,634	\$ 368	0.1%
Delivered Water (4,800 A/F)				\$ 1,771,200						1,771,200	1,723,200	\$ 48,000	2.8%
Augmentation Charges (48,800 A/F)				\$ 10,780,400						10,780,400	10,880,276	\$ 170,125	1.8%
Grant Revenue				\$ 2,800,000						2,800,000	2,987,600	\$ (387,600)	-13.3%
Interest/Dividend/Investment/ Income	\$ 5,000			\$ 30,000						35,000	35,000	\$ -	0.0%
Other Revenue				\$ 35,000						35,000	35,000	\$ -	0.0%
Total Revenue	\$ 389,000			\$ 15,186,800				\$ -	\$ -	\$ 16,685,800	\$ 16,784,808	\$ (178,008)	-1.1%
Expenditures													
Salaries and Wages	29,384	716,279	236,280	888,382	48,722	64,018	57,451	139,241	-	1,948,718	1,817,616	131,203	7.2%
Conferences/Training	7,600	3,000	4,600	4,000	-	1,250	-	-	-	20,250	20,250	-	0.0%
Travel - Mileage - Meals - Lodging	11,000	1,000	10,000	7,600	2,000	1,250	-	-	-	32,750	30,250	2,500	8.3%
Bank Charges/Bond Fees	-	32,000	-	31,600	-	-	-	-	-	83,600	83,600	-	0.0%
Insurance	4,400	28,000	-	3,100	-	-	-	-	-	33,600	33,600	-	0.0%
Taxes	-	300	-	19,700	-	-	-	-	-	20,000	20,000	-	0.0%
Legal Notices & Ads	750	-	1,000	1,000	-	-	-	-	-	2,750	3,750	(1,000)	-28.7%
Dues & Subscription	22,850	19,600	1,000	2,000	-	-	-	-	-	45,350	45,350	-	0.0%
Office Expense/Supplies	8,000	7,000	-	15,000	1,000	10,000	5,000	-	-	44,000	38,000	6,000	12.3%
Postage	2,000	7,000	-	2,000	600	-	-	-	-	11,600	11,600	-	0.0%
Printing	2,000	1,000	1,000	600	-	-	15,000	-	-	19,600	14,600	5,000	34.5%
City Connection Water Charges	-	450,000	-	-	-	-	-	-	-	460,000	475,000	(25,000)	-5.3%
Utilities	2,000	183,000	-	8,200	-	-	-	-	-	189,200	233,200	(40,000)	-17.2%
Telephone/Communications	3,200	12,000	-	6,000	-	3,000	3,000	-	-	28,200	28,200	-	0.0%
Office Equipment Leases	1,000	8,000	-	7,300	-	-	-	-	-	14,300	14,300	-	0.0%
Well Leases	-	80,000	-	-	-	-	-	-	-	80,000	40,000	60,000	125.0%
Field Supplies/Equipment	-	27,000	15,000	-	-	-	-	-	-	42,000	79,600	(37,600)	-47.2%
Elections	1,000	-	-	-	-	-	-	-	-	1,000	175	825	0.0%
LAFCO District Fees	15,110	-	-	-	-	-	-	-	-	15,110	15,110	-	0.0%
Collection Fee/Bad Debt	3,600	-	-	88,216	-	-	-	-	-	72,716	72,716	-	0.0%
Professional Services	65,000	30,000	380,000	25,000	160,000	200,000	45,000	2,875,000	-	3,640,000	2,627,268	1,012,741	40.1%
Vehicle Purchase	-	-	-	-	-	-	-	-	-	-	38,000	(38,000)	0.0%
Vehicle Maintenance	-	11,400	2,860	-	-	2,860	2,860	-	-	19,860	19,860	-	0.0%
Meters	-	5,000	-	-	-	-	-	-	-	5,000	30,000	(25,000)	-83.3%
Meter Contractor	-	15,000	-	-	-	-	-	-	-	15,000	15,000	-	0.0%
Water Sampling	-	48,000	40,000	-	-	-	-	-	-	88,000	80,600	7,600	9.3%
Other Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Legal Services	50,000	-	35,000	50,000	1,600	-	-	160,000	-	288,500	191,600	95,000	49.8%
Facilities Maintenance	53,000	8,000	-	3,500	-	-	-	-	-	64,500	44,500	20,000	44.9%
Information Technology	4,450	43,810	19,580	8,900	-	5,340	5,340	-	-	87,300	79,120	8,000	10.2%
Licensed Contractors	-	85,000	25,000	-	-	-	-	300,000	-	380,000	4,524,700	(4,134,700)	-91.4%
COW Reimb O&M	-	1,900,000	-	-	-	-	-	-	-	1,900,000	2,010,000	(110,000)	-5.6%
Special Projects Outreach	20,000	-	-	-	-	-	-	-	-	20,000	20,000	-	0.0%
Rebates	-	-	-	-	-	20,000	-	-	-	20,000	30,000	(10,000)	-33.3%
Rebates - ReNEM	-	-	-	-	-	30,000	-	-	-	30,000	-	30,000	0.0%
Land Fallowing	-	-	-	-	-	200,000	-	-	-	200,000	-	200,000	0.0%
Right of Way	-	-	-	-	-	-	-	-	-	-	123,180	(123,180)	0.0%

	General Funds (10)		Special Revenue Funds (20)					Capital Projects Fund (30)	Debt Service Funds (40)	FY 17-18 Proposed Budget	FY 18-17 Amended Budget	\$ Diff	% Diff
	General Fund Agency Admin	Facility Operations	Basin Management	Special Revenue Fund General Admin	Grant Admin	Conservation	Special Revenue Fund Public Education & Outreach	Capital Projects	Debt Service	FY 17-18 Preliminary Budget	FY 18-17 Amended Budget	\$ Diff	% Diff
Loan Payment-CDs, Prop 13	-	-	-	-	-	-	-	-	-	251,418	251,415	1	0.0%
2015 Bond Payment Principal	-	-	-	-	-	-	-	-	-	1,555,000	1,555,000	(45,000)	-2.8%
2015 Bond Payment Interest	-	-	-	-	-	-	-	-	-	748,900	702,600	44,400	8.3%
2018 Bond Payment Principal	-	-	-	-	-	-	-	-	-	405,000	850,000	(245,000)	0.0%
2018 Bond Payment Interest	-	-	-	-	-	-	-	-	-	401,683	360,000	61,683	0.0%
Total Expenditures	\$ 284,124	\$ 3,708,088	\$ 750,170	\$ 931,787	\$ 204,722	\$ 627,708	\$ 133,841	\$ 3,284,241	\$ 3,368,879	\$ 13,172,372	\$ 16,342,848	\$ (3,200,677)	-19.8%
Total Revenue										16,685,800	16,784,808	\$ (178,008)	-1.1%
Excess of Revenues or (Deficit)										2,413,228	(678,340)	\$ 2,991,688	

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for your agency to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

c) The Agency continues to work with the City of Watsonville to recycle the City wastewater for irrigation. A 1.5 million gallon storage tank was completed in 2017 to store water treated overnight for use during the peak irrigation periods.

c) If the Agency proceeds with the College Lake project, 2,100 – 2,400 acre-feet of water that is now being discharged each year to Salsipuedes Creek will be used for crop irrigation.



College Lake dry

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with your agency's meetings being accessible and well publicized? Are there any issues with your agency failing to comply with financial disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency's budget unavailable to the public via the internet?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to your agency's structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) Are there any other service delivery issues that the agency wants addressed in the service and sphere review process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: LAFCO's local policy is to ask if an agency has a mission statement and whether it has adopted a set of meeting rules.

AGENCY'S MISSION STATEMENT

The Agency's mission statement is:

The Pajaro Valley Water Management Agency (PVWMA) is a state-chartered water management district formed to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft. The agency also works to provide and ensure sufficient water supplies for present and future anticipated needs within its boundaries, generally the greater coastal Pajaro Valley.

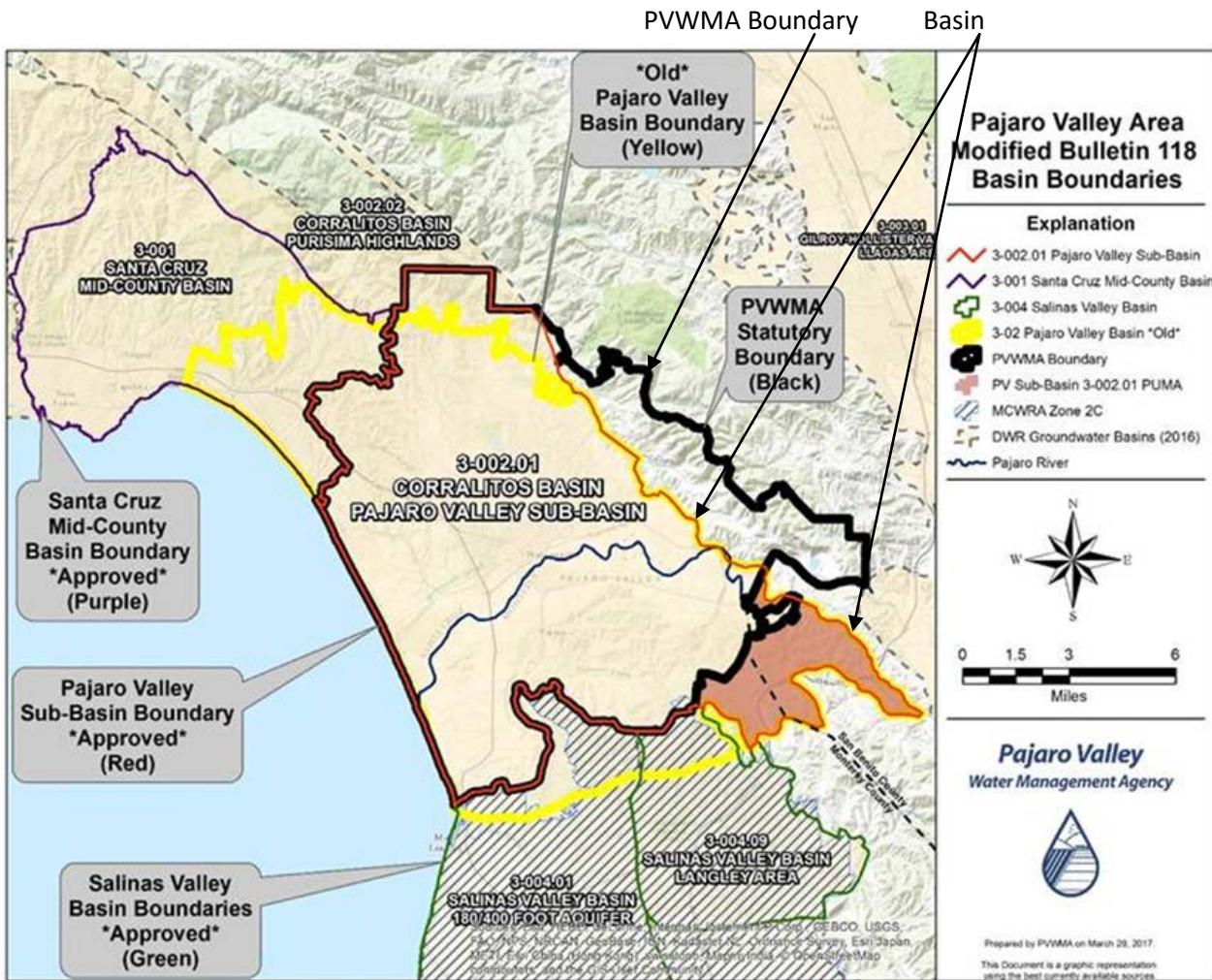
The Agency has adopted Rosenberg's Rules of Order under which its Board meetings will be conducted.

END OF SERVICE REVIEW

SPHERE OF INFLUENCE STUDY FOR PAJARO VALLEY WATER MANAGEMENT AGENCY

☒ Neither the Agency nor LAFCO staff is proposing any change in the Agency’s Sphere of Influence.

Discussion: The Agency does not have an adopted Sphere of Influence. The lack of a sphere of influence effectively freezes the Agency’s boundaries—no annexations and no detachments until a sphere is adopted. In its next Basin Management Plan update, the Agency should consider proposing a sphere of influence that conforms better to the location of the real hydrologic basin as is currently understood. The EIR/EIS for the Basin Management Plan update could be prepared so that it could be used as the environmental review document for adoption of the Agency’s sphere of influence.



To access [map](#):

PROJECT

Project Name: 2017 Service and Sphere Review for Reclamation District 2049 (College Lake)

Prepared By: Patrick McCormick
LAFCO Executive Officer
701 Ocean Street, Room 318-D, Santa Cruz
(831) 454-2055
pat@santacruzlafco.org

Date: November 20, 2017

RECLAMATION DISTRICT 2049 PROFILE

Board of Directors	Title	Year of First Service on the Board	Date of Term Expiration
Charles Banovac	Chair	2015	2019
John Diffenbaugh	Secretary	2013	2019
Frank Capurro	Director	2017	2021
Tony Lazaro	Director	2014	2021
Bruin Murkami	Director	2017	2019

Regular Meetings: The Board of Directors meets regularly on the third Thursday in June, and irregularly as needed.

Website: none

Mailing Address: 445 Summit Road, Watsonville, CA 95076

Bookkeeper/Secretary: Vicky Steen

Email: vicky.steen@yahoo.com

Phone: (831) 840-4486



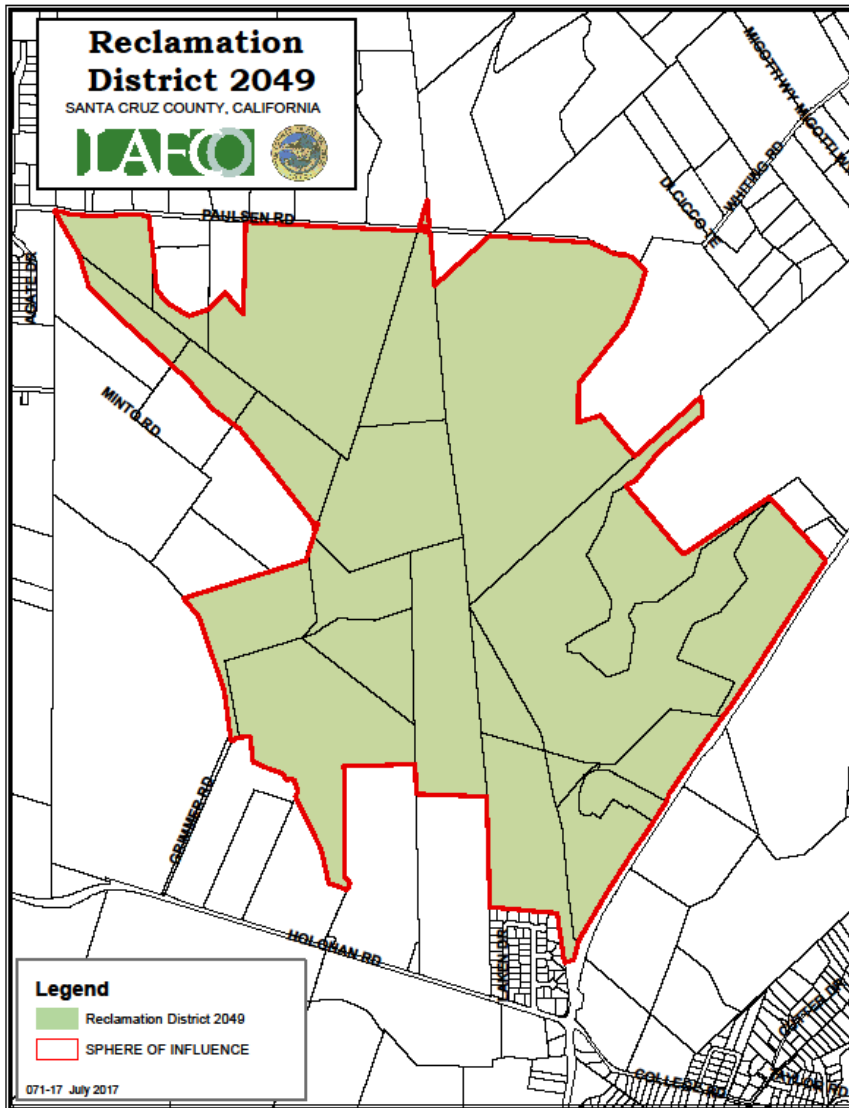
College Lake 3/18/2015

The service provided by Reclamation District 2049 is wet season drainage of College Lake so that the lake bottom can be farmed in the summer. The District was formed in 1920 and operates pursuant to the Reclamation District Law (California Water Code Section 50000 et seq.). College Lake is located in rural Watsonville on Casserly Creek, north of Holohan Road, west of East Lake Avenue (Highway 152), and south of Paulsen Road. It can be viewed by looking west from the Pajaro Valley Public Cemetery and from the parking area at the Santa Cruz County Fairgrounds. The College Lake watershed is approximately 20 square miles. When the lake is full, it covers approximately 234 acres of land⁸.

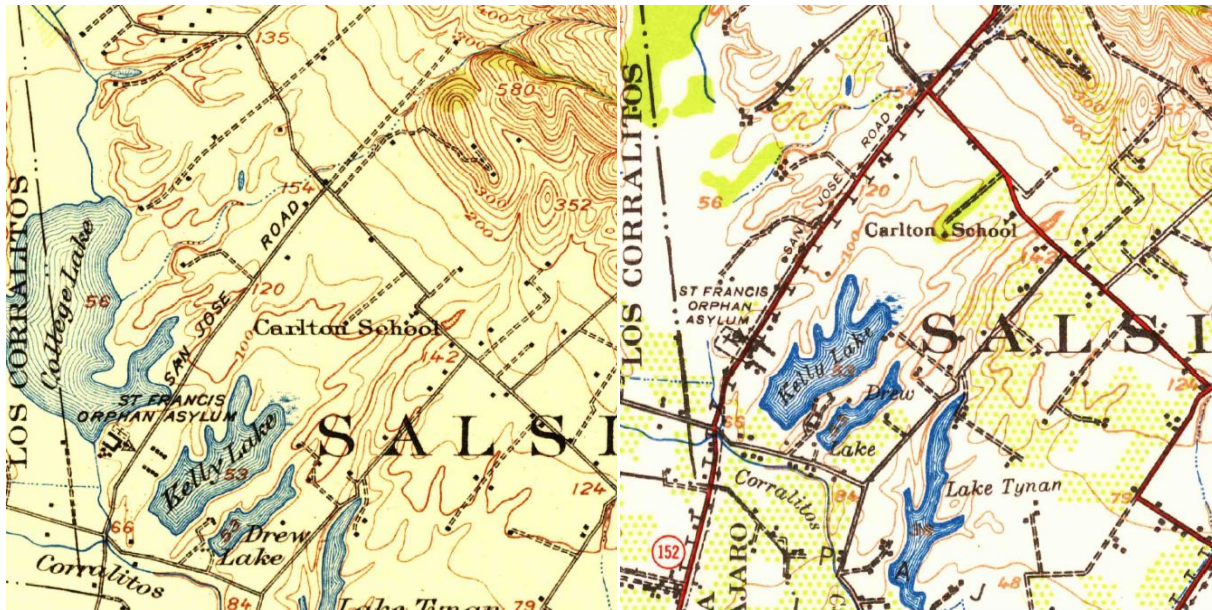
Reclamation District 2049 2017 Service Review Services Currently Being Provided:	Drainage	Retail Domestic Potable Water	Wholesale Water	Water Treatment	Recycled Water	Agricultural Water	Groundwater Replenishment	Water Conservation Programs
Reclamation District 2049	●							

⁸ Staff report for July 19, 2017 Pajaro Valley Water Manager Agency Board Meeting, Agenda Item 10B.

Link to [Reclamation District 2049](#) Boundary and Sphere of Influence map.



College Lake, Summer 2016



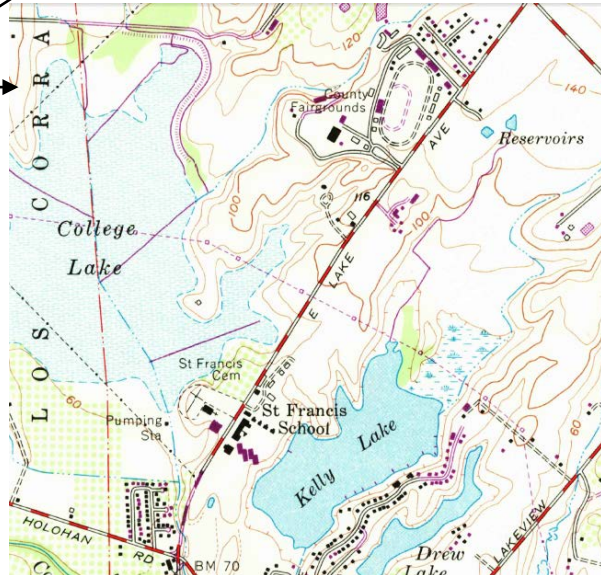
1917 ↗

1939 ↗

1968 →

Source: US Geological Survey Topographic Maps

At: <http://historicalmaps.arcgis.com/usgs/>



HISTORY OF COLLEGE LAKE

- In the Spanish and Mexican era, it was known as “Laguna Grande”.
- **After 1869**, it was re-named “College Lake” in reference to the Catholic orphanage that was located nearby along East Lake Avenue, close to the current locations of Our Lady Help of Christians Catholic Church and St. Francis Preparatory High School.
- **March 3, 1883**⁹: R. Pinto has received an engine from the city and will hereafter pump water from College Lake for his strawberry field.
- **February 8, 1895**: R. W. Eaton is putting in a pumping plant on the Salsipuedes Creek, near the outlet to the lake, and will pump water onto the Eaton and other berry fields.
- **January 11, 1920**: Proceedings have begun before the Board of Supervisors by Peter Arano and others for the formation of a district for the reclamation of College Lake, north of Valley Church.
- **April 4, 1922**: Land, rights of way, evacuating, motors, pumps, electric power, and incidental expenses including advertising and attorney’s fees to cost \$17,550 for reclamation project at College Lake, being done by County Reclamation District 2.
- **September 25, 1923**: Three hundred and sixty acres of fine farming land, among the best in the valley, have been reclaimed at College Lake and put into shape for crops by the reclamation work, now complete, by West Coast Dredging Co. The tract hereafter will be known as College Farming District. Trustees are S. T. Menasco, Frank Morehead, and Harold Minto.
- **May 11, 1925**: An election for trustees of the College Lake Reclamation District was held in Judge Hawkins courtroom. Three trustees were elected. They were S. T. Menasco, P. A. Arano, and T.L. Eckel.
- **November 8, 1963**: County water chiefs seek modifications for College Lake Plan.
- **November 19, 1963**: County Board of Supervisors authorizes a preliminary feasibility report for development of College Lake as a multi-purpose project for water storage, flood control, water conservation and recreation.

⁹The historical references are from the Yesterdays column printed in the Register-Pajaronian during the 1990’s, the Santa Cruz Evening News, and the Santa Cruz Sentinel.

POTENTIAL PVWMA PROJECT

Since the 1960's, public agencies have studied using College Lake for flood control, water supply, recreation, and wildlife enhancement. Most recently, in 2014, the Resource Conservation District of Santa Cruz County received a state grant to have the College Lake Multi-Objective Project Final Report prepared¹⁰. That study evaluates options for managing the lake. One of the objectives is to improve the habitat for the federally threatened steelhead (*Oncorhynchus mykiss*) which is found in Casserly Creek and seasonally in College Lake. That study estimates that 7,250 acre-feet of precipitation runs off into College Lake in an average rainfall year. The study identifies one management option that would produce 2,100 – 2,400 acre-feet of water for Pajaro Valley irrigation while enhancing steelhead habitat and providing a minor flood control benefit. That option would result in the loss of agricultural production of the prime agricultural soils on the lake bottom. The physical changes include constructing an adjustable weir downstream (south) and 2.4 feet higher than the current weir, pumps, a treatment plant, and 5.8 miles of water main to connect to the PVWMA Coastal Distribution System. The PVWMA has subsequently prioritized this College Lake project as a cost-effective step to increase local water supplies and achieve their Basin Management Plan goal of ending groundwater overdraft and further sea water intrusion into the Pajaro Valley aquifers.¹¹

¹⁰ College Lake Multi-Objective Management Project Final Report, prepared for Resource Conservation District of Santa Cruz County, by cbec,inc., November 14, 2014, available at:

<http://www.rcdsantacruz.org/images/docs/College%20Lake%20Multi-Objective%20Management%20Project.pdf>

¹¹ Reference to page number in PVWMA write-up earlier in LAFCO Service Review.

SUMMARY OF POTENTIALLY SIGNIFICANT SERVICE REVIEW DETERMINATIONS

SUMMARY

- 1. Growth and Population
- 2. Disadvantaged Unincorporated Communities
- 3. Capacity, Adequacy & Infrastructure to Provide Services
- 4. Financial Ability
- 5. Shared Services
- 6. Accountability
- 7. Other

1. GROWTH AND POPULATION

Growth and population projections for the affected area.

	YES	MAYBE	NO
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on your agency’s service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency’s sphere of influence boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: No population growth planned.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to your agency's sphere of influence.

	YES	MAYBE	NO
a) Does your agency provide water or sanitary sewer service? If no, skip questions b) and c).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency aware of any area(s) within or adjacent to your agency's sphere of influence that is considered "disadvantaged" (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Is it is feasible for your agency to extend service to the disadvantaged unincorporated community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion: Disadvantaged communities do not need to be addressed further because Reclamation District 2049 does not provide domestic water service.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding your agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

- b) and c) The Pajaro Valley Water Management Agency is studying the acquisition of the College Lake properties and managing the lake for multiple objectives, including irrigation water supply.
- d) If Reclamation District 2049 continues to manage the lake, there is a need to upgrade the weir and pumps.
- e) The US Fish and Wildlife Service is enforcing the federal Endangered Species Act concerning the threatened steelhead that cross the lake. This eliminates some of the traditional operating practices of the drainage system, such as channel clearance.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) In the last five years, has your agency failed to obtain an independent audit, or adopted its budget late?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Is your agency lacking adequate reserves to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Is your agency's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Is your agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) The District is currently subject to an audit by the Santa Cruz County Auditor-Controller-Tax Collector. The most recent published audit, prepared by the same office, was dated March 23, 2012. That audit found that Reclamation District 2049 had a series of governance, operating, and accounting issues. Some of the issues were:

- The board members were not duly elected.
- The board did not post meeting agendas.
- The board apparently conducted at least one meeting by email.
- The board members had not received ethics training.
- The district’s property tax assessment process was not well documented.
- Some expenditures were not approved in the board minutes.
- A Board member was receiving substantial compensation for services rendered and reimbursements for out-of pocket expenses. The District had not adopted a policy, as required by State law, regarding the compensation and reimbursement of Board members.
- In the test years, 12-67% of the sampled claims did not have documentation attached to the claim forms.
- The District had not adopted a conflict of interest code, as required by state law.
- Many of the deficiencies identified in the 2012 audit had also been identified in the prior audit. Of eight auditor recommendations in the prior audit, the District had implemented one recommendation by the time of the 2012 audit.

The District has responded to the 2012 audit by adopting a conflict of interest code in 2014 and a new set of bylaws in 2017. The bylaws include sections regarding Brown Act notice of meetings, financial procedures, reimbursement rates, ethics training, and procurement.

- b) Reserves vary based upon what equipment breaks down.
- c) Funding levels can be low if legal expenses are high.
- d) Weir upgrade will be expensive if the District continues to operate.
- e) The District is committed to improve its financial policies if it continues to operate.

Reclamation District 2049 Revenues and Expenditures									
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES									
Delinquent Taxes	0	0	304	5,271	0	1,339	-156	0	0
Assessments	18,138	26,546	40,373	35,625	45,240	47,493	35,133	35,539	35,514
Interest	106	52	48	42	75	137	233	277	233
TOTAL REVENUES	18,244	26,598	40,725	40,938	45,315	48,969	35,210	35,816	35,747
EXPENDITURES									
Insurance	3,374	3,189	3,270	3,271	3,235	3,299	4,349	4,421	4,500
Maintenance	303	3,908	20,764	7,070	4,616	0	488	0	14,000
Services & Supplies	4,365	8,960	0	9,426	4,860	0	2,539	0	6,442
Postage	3	4	7	2	11	0	0	0	0
Accounting & Auditing	115	1,255	5,860	93	66	1,860	4,000	3,745	12,000
Legal Services	0	0	0	0	24,530	20,324	18,653	4,439	11,000
Special District Expenses	27	28	421	28	477	60	1,777	61	1,189
Travel	132	536	204	162	642	0	336	0	312
Utilities	7,633	8,889	13,856	9,824	6,268	9,356	10,924	10,348	12,000
TOTAL EXPENDITURES	15,952	26,769	44,382	29,876	44,705	34,899	43,066	23,014	61,443
REVENUES - EXPENDITURES	2,292	-171	-3,657	11,062	610	14,070	-7,856	12,802	-25,696
JUNE 30 FUND BALANCE	9,344	11,636	11,465	7,809	18,871	19,483	33,552	25,696	

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for your agency to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: If the lake is acquired and managed by the Pajaro Valley Water Management Agency, that agency will replace Reclamation District 2049 in managing the lake levels. There is not much opportunity for shared services.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with your agency's meetings being accessible and well publicized? Are there any issues with your agency failing to comply with financial disclosure laws and the Brown Act?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency's budget unavailable to the public via the internet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to your agency's structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: d) The budget is available to anyone who requests it.

e) An audit is pending by the County Auditor.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

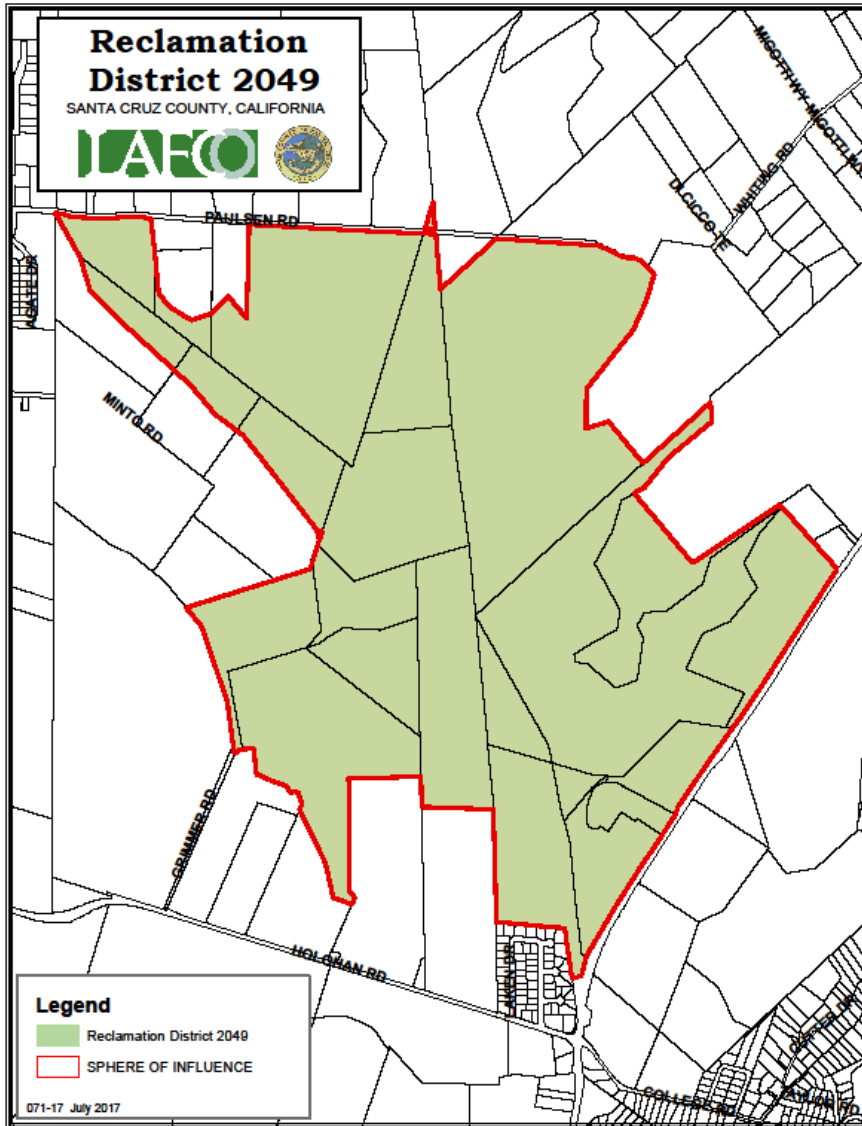
	YES	MAYBE	NO
a) Are there any other service delivery issues that the agency wants addressed in the service and sphere review process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

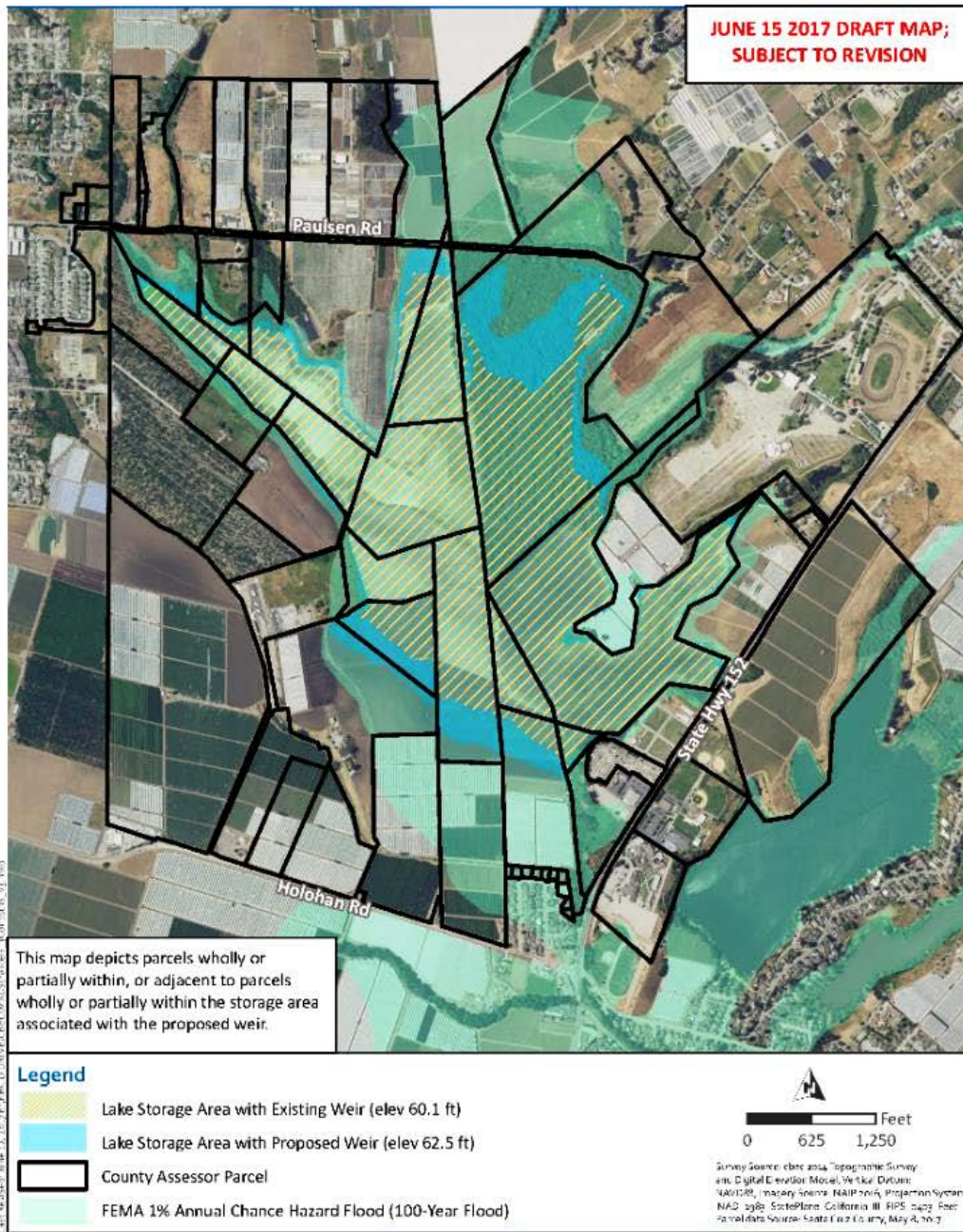
Discussion: The District believes it could operate more efficiently if it could communicate electronically with all members.

END OF SERVICE REVIEW FOR RECLAMATION DISTRICT 2049

SPHERE OF INFLUENCE STUDY FOR RECLAMATION DISTRICT 2049

- ☒ The LAFCO staff is not proposing a change in the adopted sphere of influence map for Reclamation District 2049. The LAFCO staff is recommending a qualification in the sphere renewal resolution that Reclamation District 2049 be dissolved if lake properties are acquired by the Pajaro Valley Water Management Agency for a water storage and environmental enhancement project. If that happens, there will be no need for the Reclamation District to drain the lake each year, and the Pajaro Valley Water Management Agency will be managing the water that flows through the lake.





Parcels Potentially Affected by College Lake Project

Source: PVWMA General Manager Memorandum regarding College Lake Project, for July 19, 2017 Board Meeting