



County of Santa Cruz

BOARD OF SUPERVISORS

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 FIRST DISTRICT

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MARK W. STONE
 FIFTH DISTRICT

AGENDA: 10/2/07

September 25, 2007

BOARD OF SUPERVISORS
 County of Santa Cruz
 701 Ocean Street
 Santa Cruz, CA 95060

RE: FINANCIAL FUTURE OF PAJARO VALLEY
 WATER MANAGEMENT AGENCY

Dear Members of the Board:

As you know, the California Supreme Court ruled recently that a 6th District Court of Appeals judgement will stand, determining that about \$13 million in Pajaro Valley Water Management Agency fees were illegally imposed without a vote of the public.

This decision has ominous consequences for the financial future of the Pajaro Water Valley Water Management Agency (PVWMA) and for the future of Pajaro Valley, one of the state's most productive agricultural areas.

To comply with the court's ruling, the PVWMA must cut its water rates in half, threatening a series of projects that are aimed at slowing salt water intrusion into the basin and increasing the basin's sustainable yield. That leaves the agency potentially liable for millions of dollars in customer refunds.'

In the past, despite the serious groundwater degradation, this Board has declined to declare a groundwater emergency in the Pajaro Valley Groundwater Basin, primarily because the PVWMA was pursuing a number of remedies. Those projects are now in jeopardy. Plans to build a freshwater pipeline from the Central Valley, the agency's highest priority project, have been put on hold indefinitely.

In the coming weeks and months, the Pajaro Valley Water Management Agency will be searching for alternative sources of revenue. I believe that this Board should also begin

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consideration of our options related to the Pajaro Valley Groundwater Basin, including the possibility of declaring a groundwater emergency. Accordingly, I recommend that the Board take the following actions:

1. Invite PVWMA Executive Director Bruce LaClergue to attend the Board's October 16 meeting to discuss PVWMA's current situation and options that the agency is pursuing; and
2. Direct Environmental Health staff to report back to the Board on November 20, 2007, with an analysis of actions this Board can take in light of the State Supreme Court decision.

Sincerely yours,



ELLEN PIRIE, Supervisor
Second District

EP:ted

cc: Bruce LaClergue, Pajaro Valley Water Management Agency
Environmental Health Director
Planning Department
Public Works
Agricultural Policy Advisory Commission
Carlos Palacios, Watsonville City Manager
Santa Cruz County Farm Bureau

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1. Invite PVWMA Executive Director Bruce LaClergue to attend the Board's October 16 meeting to discuss PVWMA's current situation and options that the agency is pursuing; and
2. Direct Environmental Health staff to report back to the Board on November 20, 2007, with an analysis of actions this Board can take in light of the State Supreme Court decision.
3. Request that the County's Water Advisory Commission provide any information and/or recommendations they deem appropriate to the Board by November 20, 2007.

Sincerely yours,



ELLEN PIRIE, Supervisor
Second District

EP:ted

cc: Bruce LaClergue, Pajaro Valley Water Management Agency
Environmental Health Director
Planning Department
Public Works
Agricultural Policy Advisory Commission
Carlos Palacios, Watsonville City Manager
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