PAJARO VALLEY WATER MANAGEMENT AGENCY

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Ad Hoc Rate Setting Committee Meeting No. 1
November 13, 2025, 1:00 p.m.

City of Watsonville
Water Resources Center
500 Clearwater Lane
Watsonville, CA

AD HOC RATE SETTING COMMITTEE MEETING SUMMARY

AD HOC RATE SETTING COMMITTEE MENBERS	
Present	**Not Present**
Tom Broz, PV Water, Director of the Board	John Larse, Coastal Water User
Beau Kayser, City of Watsonville	Paul Lego, Water Mutual Representative
CJ Miller, PV Water, Director of the Board	
Stephen Rider, PV Water, Director of the Board	
Robert Rodoni, Monterey County Farm Bureau	
Kirk Schmidt, Santa Cruz County	
Doug Daykin, Rual Residential	
Don Olsen, Water District Representative	
Alan Thorne, Coastal Landowner	
Staff and Other Attendees	
Brian Lockwood, General Manager (GM)	Ellen Cross, Consultant - Strategy Driver, Inc.
Nancy Trevino, Finance & Admin Services Manager (FASM)	Jennifer Ivey, Consultant - Carollo Engineers
Shinehah Bigham, Operations & Maintenance Manager (OMM)	Ricky Gutierrez, Consultant - Carollo Engineers
Corin Hammond, Executive Assistant/Board Secretary (EA/BS)	

1. **Call to Order, Roll Call, Introductions**
   The Ad Hoc Rate Setting Committee Meeting of Pajaro Valley Water Management Agency was called to order at 1:03 p.m. by GM Lockwood, at the Water Resources Center Conference Room, 500 Clearwater Lane, Watsonville, California. GM Lockwood made an opening welcome statement followed by a roundtable introduction of all present.

2. **Consider Appointment of Ad Hoc Rate Setting Committee Applicants**

   GM Lockwood provided an overview of outreach and community engagement activities that staff has completed for this Committee. Roundtable discussion ensued.

   Action: Stephen Rider moved to appoint the Ad Hoc Rate Setting Committee Applicants to the Committee; Kirk Schmidt seconded the motion. Motion passed by the following voice vote.

   AYES: All Present Committee Members

NOES:	None
ABSENT:	Larse, Lego
ABSTAIN:	None

3. Consider Ad Hoc Rate Setting Committee Bylaws

GM Lockwood provided an overview of the Ad Hoc Rate Setting Committee Bylaws, which were based on the bylaws of the former Ad Hoc Funding Committee and distributed to all attendees.

A Committee Member asked if establishment of a quorum was based on the numbers of current members, or the total number of available seats on the Committee. The proposed bylaws, Article 5, Meetings, Paragraph 3 states: "A majority of the members of the Committee, including at least one Director, constitutes a quorum of the Committee."

Action: Committee Member Miller moved to approve the Ad Hoc Rate Setting Committee Bylaws; Committee Rider seconded the motion. Motion passed by the following voice vote:

AYES:	All Present Committee Members
NOES:	None
ABSENT:	Larse, Lego
ABSTAIN:	None

4. Election of Officers: Chair, Vice Chair

GM Lockwood opened the floor for discussion regarding election. Discussion ensued with no questions or deliberation. Kirk Schmidt was nominated for the position of Chair of the Committee, Stephen Rider for Vice Chair; both accepted the nomination.

Action: Stephen Rider moved to appoint the Ad Hoc Rate Setting Committee Officers as nominated; Kirk Schmidt seconded the motion. Motion passed by the following voice vote:

AYES:	All Present Committee Members
NOES:	None
ABSENT:	Larse, Lego
ABSTAIN:	None

5. Receive Presentation and Discuss State of the Pajaro Valley Basin Management Plan - Groundwater Sustainability Update 2022 Implementation, Anticipated Expenditures and Revenue Needs, Key Issues Pertaining to Rates, and Rate Setting Process / Schedule

GM Lockwood presented on the Sustainable Groundwater Management Act (SGMA), progress on the Agency's projects and programs, including but not limited to the College Lake Integrated Resources Management Project and the Watsonville Slough System Managed Aquifer Recharge & Recovery Project. He reviewed water use trends, groundwater improvements, adopted rates, and touched on projected expenditures.

Jennifer Ivey presented projected expenditures for the next ten years and anticipated revenue needs. She discussed the rate study process, project objectives, and compliance requirements.
For additional details, see the presentation slides, which are posted online:
https://www.pvwater.org/images/board-and-committees/ad-hoc-2025-rate-setting/2025-11-13_Committee.Mtg.No.1-Final.pdf .

Roundtable discussion ensued; questions were asked, and responses provided, on items pertaining to:

- Capital projects and related expenditures
- Why rates have historically increased faster than the cost-of-living
- Rate zones, i.e., Inside Delivered Water Zone and Outside Delivered Water Zone
- Methods used in preparing prior Costs of Service Rate Studies
- It was suggested to consider reviewing projection-to-actuals of project target costs from the previous Rate Setting Committee to evaluate how conservative or aggressive the Agency may want to consider being in this cycle of Rate Setting
- A concept was presented regarding what might happen if each farmer who required a booster pump, pays for and installs their own pump to offset the difference and then pays less &/or receives a credit for not needing the Agency to provide the service
- Reserve accounts, which are mandated by statute

6. **Discuss Future Agenda Items and Next Meeting Date: January 15, January 22, or January 27**
   The Committee and other attendees continued their discussion regarding the materials to be reviewed prior to the next meeting, as well as the information to be presented and available at that meeting, and subsequently selected the meeting date.

   Action: Next meeting to take place January 27, 2026, at 1:00 p.m.

Meeting adjourned at 3:43 p.m.