PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076
TEL: (831) 722-9292 • FAX: (831) 722-3139
email: info@pvwater.org • https://www.pvwater.org

Ad Hoc Rate Setting Committee Meeting No. 2
January 27, 2026, 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 MEMBERS	
Present	**Not Present**
Kirk Schmidt, Santa Cruz County, Committee Chair	John Larse, Coastal Water User
CJ Miller, PV Water, Director of the Board, Committee Vice Chair	
Tom Broz, PV Water, Director of the Board	
Beau Kayser, City of Watsonville	
Stephen Rider, PV Water, Director of the Board	
Robert Rodoni, Monterey County Farm Bureau	
Doug Daykin, Rual Residential	
Don Olsen, Water District Representative	
Alan Thorne, Coastal Landowner	
Paul Lego, Water Mutual Representative	
Richard Opie, Inland Water User (Newly Appointed)	
Aaron Dillon, Inland Landowner (Newly Appointed)	
Staff and Other Attendees	
Brian Lockwood, General Manager (GM)	Ellen Cross, Consultant - Strategy Driver, Inc.
Nancy Trevino, Finance & Admin Services Manager (FASM)	Kim Lightner, Consultant - Carollo Engineers
Shinehah Bigham, Operations & Maintenance Manager (OMM)	Ricky Gutierrez, Consultant - Carollo Engineers
Corin Hammond, Executive Assistant/Board Secretary (EA/BS)	Jennifer Ivey, Consultant - Carollo Engineers, via Teleconference
Priscilla Sanchez, Financial Analysist (FA), via Teleconference	

1. **Call to Order, Roll Call, Introductions**
   Chair Kirk Schmidt called the Ad Hoc Rate Setting Committee Meeting of Pajaro Valley Water Management Agency to order at 1:07 p.m. Chair Schmidt introduced GM Lockwood, who welcomed the Committee Members and called the roll; Committee Members introduced themselves.

2. **Committee Member Comments**
   None

3. **Public Comments**
   None

4. **Consider Corrections to November 13, 2025, Meeting Summary**
   No corrections presented.

5. **Consider Appointment of Ad Hoc Rate Setting Committee Applicant(s)**
   GM Lockwood introduced the AHRS Committee Applicants: Richard Opie, applicant for Inland Water User, and Aaron Dillon, applicant for Inland Landowner. The applicants provided a few remarks to the Committee. GM Lockwood noted the remaining vacant seats and encouraged members to invite suitable candidates to apply.

   Action: Committee Chair Schmidt moved to approve the appointment of new Ad Hoc Rate Setting Committee applicants; Committee Member Olsen seconded the motion. Motion passed by the following voice vote:

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

6. **Receive Presentation and Discuss Anticipate Revenues and Expenditures including Capital Improvement Projects; Introduce Cost Allocation Process**
   GM Lockwood introduced the consultant team and staff attending both in person and via teleconference. Ricky Gutierrez, Carollo Engineers, opened the presentation by outlining meeting objectives and reviewing key topics from the Committee's November meeting. The floor was then opened for discussion. The Committee inquired about current interest rates and their similarity to those at the time of the last rate-setting effort. Staff and consultants then reviewed PV Water's past success in securing grants and discussed the uncertainty of future grant funding. Discussion ensued regarding the water conservation program and other groundwater sustainability plan program requirements. Additional discussion concerned the roles of committees, in particular the Projects & Facilities Operations Committee and Ad Hoc Rate Setting Committees. The Committee inquired about a cost-benefit analysis of capital projects (College Lake Integrated Resources Management Project and Watsonville Slough System Managed Aquifer Recharge & Recovery Project (WSS-MARR)), and whether the currently approved projects remain worth the cost. The consultants introduced two scenarios to consider: Scenario 1 assumed the projects would be completed in the most aggressive schedule possible and held the conservation program constant less necessary cost increase. Scenario 2 assumed capital projects would be delayed by a year and the conservation program would be augmented. Roundtable discussion ensued.
   Proposition 218 and Proposition 26 procedures were reviewed.

   Action: The Committee directed staff and consultants to prepare an updated cost-benefit analysis of the College Lake and WSS-MARR projects (cost per acre foot), and to proceed with preparing cost allocations for Scenario 1.

7. **Review Schedule & Next Steps**
   Staff and consultants reviewed the schedule and next steps.

8. **Discuss Future Agenda Items and Next Meeting Date: March 17, 2026, or March 19, 2026**
   Action: The Committee set the meeting date: March 19, 2026, at 1:00 p.m.

Meeting Adjourned at 3:58 p.m.