PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA. 95076
TEL: 831) 722-9292 FAX: 831) 722-3139
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AD HOC RATE SETTING COMMITTEE MEETING
Water Resources Center Conference Room
500 Clearwater Lane, Watsonville
January 27, 2026, 1:00 p.m. – 4:00 p.m.

MEETING AGENDA

1. **Call to Order, Roll Call, Introductions:**
   Committee members: See table below.

2. **Committee Member Comments**

3. **Public Comments**
   This time is set aside for members of the general public to address the Committee on any item not on the agenda, and that is within the subject matter jurisdiction of the Committee. Each speaker is allotted up to 3 minutes.

4. **Consider Corrections to November 13, 2025, Meeting Summary**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

5. **Consider Appointment of Ad Hoc Rate Setting Committee Applicants**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

6. **Receive Presentation and Discuss Anticipated Revenues and Expenditures including Capital Improvement Projects; Introduce Cost Allocation Process**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

This agenda is subject to revision and maybe amended prior to the scheduled meeting. If amended, a Final Agenda to be posted at PV Water, 36 Brennan Street, Watsonville and at the location where meeting will be held, 72 hours prior to the meeting. Copies of the Final Agenda will be available at the meeting. This Agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1900 (42 U.S.C. Sec. 12132) and the Ralph M. Brown Act (Cal. Govt. Code Sec. 54954.2). Persons requesting a disability-related modification or accommodation should contact PV Water Board Secretary at (831) 722-9292 during regular business hours at least 24 hours prior to the time of the meeting.

7. **Review Schedule & Next Steps**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   vi. Committee action

8. **Discuss Future Agenda Items and Next Meeting Date: March 17, 2026, or March 19, 2026**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

9. **Adjournment**

COMMITTEE MEMBER NAME	AFFILIATION
Kirk Schmidt, Chair	Santa Cruz County Farm Bureau
Stephen Rider, Vice Chair	PV Water Board
Tom Broz	PV Water Board
CJ Miller	PV Water Board
Robert Rodoni	Monterey County Farm Bureau
Beau Kayser	City of Watsonville
Don Olsen	Water District Representative
Paul Lego	Water Mutual Representative
Alan Thorne	Coastal Landowner
John Larse	Coastal Water User
Doug Daykin	Rural Residential
Vacant	Inland Landowner
Vacant	Inland Water User
Vacant	Industrial User
Vacant	At-Large
Vacant	Small / Beginning Grower

Remote Access Information Below

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https://www.pvwater.org/ad-hoc-rates-committee

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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

DRAFT

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:	None
ABSTAIN:	Larse, Lego

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.

MEMORANDUM

DATE: January 23, 2026
MEETING OF: January 27, 2026
TO: Ad Hoc Rate Setting Committee
FROM: General Manager
RE: **ITEM 5:** Consider Appointment of Ad Hoc Rate Setting Committee Applicants

BACKGROUND

The Pajaro Valley Water Management Agency (Agency) Board of Directors (Board) established the Ad Hoc Rate Setting Committee (Committee) to enhance community involvement and provide input throughout the rate setting effort, and to advise the Board in its evaluation of rates to support the implementation of the projects and programs described in the Agency's Basin Management Plan - Groundwater Sustainability Update 2022.

DISCUSSION

At the direction of the Board, staff has been working to advertise and recruit participants to serve on the Committee. Below is a table showing the Committee seats as approved by the Board, and the applicants who have applied to serve in those seats. During the November 13, 2025, meeting of the Ad Hoc Rate Setting Committee, the initially appointed Committee members voted to appoint Don Olsen, Paul Lego, Alan Thorne, John Larse, and Doug Daykin on to the Committee. Staff received an application from Richard Opie (attached) on January 14, 2026 to serve as the "Inland Landowner."

Vacant seats are highlighted.

Applicant	Name
Water District Representative	Don Olsen
Water Mutual Representative	Paul Lego
Coastal Landowner	Alan Thorne
Inland Landowner	Richard Opie
Coastal Water User	John Larse
Inland Water User	
Rural Residential	Doug Daykin
Industrial User	
At-Large	
Small / Beginning Grower	

FISCAL IMPACT

None.

STAFF RECOMMENDATION

The Committee members appoint to the applicant(s) to serve on the Committee.

ATTACHMENTS

- Applications

APPLICATION FOR APPOINTMENT TO AD HOC RATE SETTING COMMITTEE

Date: 14 January 2026

Name: Richard Opie

Address: 191 Trafton Rd, Royl Oaks

Employment: Retired

Daytime Phone: 831-233-8022

E-mail Address: ropie54@yahoo.com

Applying For:

- ☐ Water District Representative
- ☐ Water Mutual Representative
- ☐ Coastal Water User
- ☐ Inland Water User
- ☒ Inland Landowner
- ☐ Coastal Landowner
- ☐ Rural Residential
- ☐ Industrial User
- ☐ At-Large
- ☐ Small/Beginning Grower

PV Water paying customer: ☒ Yes ☐ No

Previous service on public agency committees, boards, or elected offices (names/dates).

None

Please explain why you would like to serve (attach a separate sheet if necessary).

I wish to take part as a member of the community

Please indicate any potential conflicts of interest. Examples include pending litigation or involvement in other conflicting organizations.

N/A

Years resided/worked in Pajaro Valley: 34

……

OFFICE USE ONLY Date Received: _____ Application Complete: ☐ Yes ☐ No

No. of Letters of Recommendation:_____ Date called/interviewed _____

Recommended for appointment? ☐ Yes ☐ No

Additional Comments: _____