*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
## Water Resources Center Conference Room
## 500 Clearwater Lane, Watsonville
## May 28, 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 March 19, 2026, Meeting Summary**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

5. **Consider Draft 2026 Cost-of-Service Rate Study**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   v. Committee action

6. **Review Draft Resolution Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge**
   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 & Discuss Next Steps**
   i. Introduction by staff
   ii. Questions from Committee
   iii. Public comment
   iv. Committee discussion and deliberation
   vi. Committee action

8. **Adjournment**

| COMMITTEE MEMBER | 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 |
| Aaron Dillon | Inland Landowner |
| Richard Opie | Inland Water User |
| Robert Wall | Small / Beginning Grower |
| Vacant | At-Large |
| Vacant | Industrial User |

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**Ad Hoc Rate Setting Committee Meeting No. 3**
**March 19, 2026, 1:00 p.m.**

**City of Watsonville**
**Water Resources Center**
**5 00 Clearwater Lane**
**Watsonville, CA**

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# AD HOC RATE SETTING COMMITTEE MEETING SUMMARY

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

1. **Call to Order, Roll Call, Introductions**
   Chair Schmidt called the third meeting of Ad Hoc Rate Setting Committee to order at 1:08 p.m. Chair Schmidt introduced GM Lockwood, who took role of Committee Members and made an opening welcome statement. The Committee members, staff, and consultants then introduced themselves.

2. **Committee Member Comments**
   None

3. **Public Comments**
   None

4. **Consider Corrections to January 28, 2026, Meeting Summary**
   No corrections presented.

**5. Consider Appointment of Ad Hoc Rate Setting Committee Applicant(s)**

GM Lockwood introduced Robert Wall, who is applying for the Small / Beginning Grower seat and/or the At Large seat.

**Action:** Committee Chair Schmidt moved to approve the Appointment of new Ad Hoc Rate Setting Committee Applicant(s); Committee Member Rodoni seconded the motion. Motion passed by the following voice vote:

| | |
|---|---|
| **AYES:** | Schmidt, Miller, Kayser, Rider, Rodoni, Olsen, Lego, Opie, Dillon |
| **NOES:** | None |
| **ABSENT:** | Larse, Thorne, Broz, Daykin |
| **ABSTAIN:** | None |

**6. Receive Presentation and Discuss Cost Allocations, Preliminary Rates, and Capital Project Unit Costs**

GM Lockwood provided a brief summary of the first two Committee meetings. Jennifer Ivey reviewed the meeting objectives and presented updated projected expenditures, including an overview of the cost-of-service analysis. Ms. Ivey discussed key cost drivers, including but not limited to implementation of the Groundwater Sustainability Plan Update 2022 (GSU22), water supply facility operations and maintenance, and the Capital Improvements Plan (CIP) projects. Ms. Ivey provided comparisons between prior conditions and present, noting increased competition for grant funds coupled with fewer grants results in reduced grant funding availability. Ms. Ivey also presented the functional cost allocation methodology and recent revisions. She then presented the resulting preliminary rates.

Committee discussion ensued with Ms. Cross facilitating. The Committee discussed the rate categories, in particular the Inside Delivered Zone Augmentation Charge and the Outside Delivered Zone Augmentation Charge. The Committee also discussed PV Water's cash-on-hand and cash reserve policy. The Committee inquired about the effect on rates should a CIP project not proceed.

Mr. Gutierrez presented the annualized and operational costs per acre-foot for the existing Harkins Slough Project, College Lake Project, and the proposed Watsonville Slough System Managed Aquifer Recharge & Recovery Project. He showed trends of escalating costs for construction materials, energy, and chemicals. Roundtable discussion ensued.

The Committee provided direction to staff to present operational cost information of the water supply facilities, including the Recycled Water Facility, to the Projects & Facility Operations Committee meeting.

**Action:** Committee Chair Schmidt moved for staff and consultants to prepare the draft Cost-of-Service report utilizing the information provided. Committee Member Olsen seconded the motion.

| | |
|---|---|
| **AYES:** | Schmidt, Miller, Kayser, Rider, Olsen, Lego, Opie, Dillon, Wall |
| **NOES:** | Rodoni |
| **ABSENT:** | Larse, Thorne, Broz, Daykin |
| **ABSTAIN:** | None |

**7. Review Schedule & Next Steps**

Staff and consultants reviewed the schedule and next steps.

**8. Discuss Future Agenda Items and Next Meeting Date: May 28, 2026**

**Action:** The Committee set the meeting date: May 28, 2026, at 1:00 p.m.

**Chair Schmidt Adjourned the meeting at 3:49 p.m.**

**MEMORANDUM**

**DATE:** May 22, 2026
**MEETING OF:** May 28, 2026
**TO:** Ad Hoc Rate Setting Committee
**FROM:** General Manager
**RE:** **ITEM 5:** Consider Draft 2026 Cost-of-Service Rate Study

## BACKGROUND

Pajaro Valley Water Management Agency (PV Water or Agency) proposes to revise and increase the Agency augmentation charge and delivered water charge. Agency staff and consultants completed the draft 2026 Cost of Service Rate Study (Rate Study) as initially directed by Board in August 2025 and more recently by the Ad Hoc Rate Setting Committee in March 2026. The purpose of the Rate Study is to evaluate, explain, and substantiate the Agency's revenue needs and proposed new augmentation and delivered water charges planned to go into effect December 2026. The Rate Study also serves to provide the documentation necessary to meet Proposition 26, Proposition 218, and other legal requirements.

California Constitution Article XIII C (amended by Proposition 26) and Article XIII D (added by Proposition 218) regulate local agency taxes, fees, and charges. Proposition 218 imposes procedural and substantive limitations and requirements on property-related service charges. Proposition 26 imposes substantive limitations and requirements on other fees and charges.

The Agency's delivered water charge is a property-related service charge subject to Proposition 218. In 2017, the California Supreme Court ruled in *City of San Buenaventura v. United Water Conservation District* that groundwater pumping charges (such as the Agency augmentation charge) are not property-related fees subject to Proposition 218. Therefore, the augmentation charge is subject to Proposition 26 and other requirements of state law.

## DISCUSSION

The Rate Study is the culmination of an effort that began in August 2025, when the Board directed staff to form an Ad Hoc Rate Setting Committee. In September 2025, the Board approved an agreement with Carollo Engineers to conduct a new cost of service study, and an agreement with Strategy Driver to facilitate the Ad Hoc Rate Setting Committee. The Board direction was to prepare an update to the 2021 Cost of Service study retaining the rate setting methodology initially adopted in 2015 but updating anticipated revenue needs and associated rates needed to support those revenue needs to continue with the implementation of the projects and programs described in the BMP-Groundwater Sustainability Update 2022 (GSU22) to achieve sustainable groundwater resources. The Rate Study proposes new augmentation and delivered water service charges in compliance with the requirements of Proposition 26 and Proposition 218, respectively.

As in the 2010, 2015, and 2021 efforts, the Board formed an Ad Hoc Committee to serve as an advisory committee in the rate setting process. Similar to 2021, the proposal includes two separate groundwater pumping charges for metered wells, with a higher rate for well users inside the delivered water zone. The proposed charge for rural residential wells is based on average estimated usage per residence served. Details of the fees and cost allocations to each user category are presented in the Rate Study.

**FISCAL IMPACT**

No fiscal impact at this time. The new rates structure that would be implemented on December 1, 2026, would increase revenues to fund GSU22 projects and programs.

**STAFF RECOMMENDATION**

The Committee consider the draft 2026 Cost of Service Rate Study and vote in favor of recommending that PV Water Board of Directors approves it.

**ATTACHMENTS**

- Draft 2026 Cost of Service Rate Study is posted online here: https://www.pvwater.org/images/board-and-committees/ad-hoc-2025-rate-setting/2026.Cost-of-Service.Rate.Study_Draft.Report.pdf

**MEMORANDUM**

**DATE:** May 22, 2026
**MEETING OF:** May 28, 2026
**TO:** Ad Hoc Rate Setting Committee
**FROM:** General Manager
**RE:** **ITEM 6:** Review Draft Resolution Amending Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge

## BACKGROUND

Pajaro Valley Water Management Agency (PV Water or Agency) proposes to revise and increase the Agency augmentation charge and delivered water charge. Agency staff and consultants completed the draft 2026 Cost of Service Rate Study (Rate Study) as initially directed by Board in August 2025 and more recently by the Ad Hoc Rate Setting Committee in March 2026. The purpose of the Rate Study is to evaluate, explain, and substantiate the Agency's revenue needs and proposed new augmentation and delivered water charges planned to go into effect December 2026. The Rate Study also serves to provide the documentation necessary to meet Proposition 26, Proposition 218, and other legal requirements.

California Constitution Article XIII C (amended by Proposition 26) and Article XIII D (added by Proposition 218) regulate local agency taxes, fees, and charges. Proposition 218 imposes procedural and substantive limitations and requirements on property-related service charges. Proposition 26 imposes substantive limitations and requirements on other fees and charges.

The Agency's delivered water charge is a property-related service charge subject to Proposition 218. In 2017, the California Supreme Court ruled in *City of San Buenaventura v. United Water Conservation District* that groundwater pumping charges (such as the Agency augmentation charge) are not property-related fees subject to Proposition 218. Therefore, the augmentation charge is subject to Proposition 26 and other requirements of state law.

## DISCUSSION

Some of the notice, hearing, and majority protest procedures and requirements in Propositions 26 and 218 and other applicable laws are unclear and lacking in detail. Consequently, consistent with the Agency's past practices in 2021, 2015 and 2010, Agency staff recommend that the Board adopt a resolution establishing procedures to implement and supplement the notice, hearing, and protest proceedings for the augmentation charge and delivered water charge increases. Staff have prepared a proposed resolution, which is attached. The intention is to aid the Agency Board and staff and affected property owners, tenants, and ratepayers with regard to the procedures governing the proposed charge increases.

The following are some of the key provisions of the proposed resolution:

- The resolution specifies the notice and hearing procedures that will apply to the delivered water and augmentation charges.
- The public hearing notice for the augmentation charge will be published in a local newspaper, posted at the Agency and on the Agency website, and mailed to well owners and their tenants.

- The public hearing notice for the delivered water charge will be mailed to the owners of "parcels upon which" the delivered water charge "is proposed for imposition" that are located within the Coastal Distribution System water service area as determined by the General Manager, and to tenants that received delivered water service in the 2020 irrigation season. The resolution specifies how the Agency will determine the name and mailing address of the recipients of the public hearing notice.
- The resolution confirms the contents of the public hearing notices and explains how the Board will conduct the public hearings.
- For the delivered water charge, a written protest may be filed by an owner or a tenant of a parcel. The resolution clarifies who is entitled to protest in situations involving entities and organizations. One protest per parcel will be counted. In determining a majority protest, the numerator will be the number of protests and the denominator will be the total number of parcels subject to the charge.

**FISCAL IMPACT**

No fiscal impact at this time. The new rates structure that would be implemented on December 1, 2026, would increase revenues to fund GSU22 projects and programs.

**STAFF RECOMMENDATION**

The Committee review the draft resolution.

**ATTACHMENTS**

- Draft Resolution Amending Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge

**Resolution 2026-__**

**A Resolution of the Board of Directors of the Pajaro Valley Water Management Agency**

**Amending Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge**

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**WHEREAS,** Pajaro Valley Water Management Agency ("Agency") proposes to revise and increase the Agency augmentation charge and delivered water charge. The Agency has prepared the 2026 Cost of Service Rate Study ("Rate Study") to evaluate, explain, and substantiate the Agency's revenue needs and proposed new augmentation and delivered water charges. The Rate Study determines and calculates the proposed revised charges and explains the basis and reasons for increasing the charges; and

**WHEREAS,** California Constitution Article XIII C (amended by Proposition 26) and Article XIII D (added by Proposition 218) regulate local agency taxes, fees, and charges. Proposition 218 ("Article XIIID, Section 6" or "Section 6") imposes procedural and substantive limitations and requirements on property-related service charges. Proposition 26 imposes substantive limitations and requirements on other fees and charges. The Agency delivered water charge is a property-related service charge subject to Proposition 218. However, since the delivered water charge is a charge for water service, it is exempt from the Proposition 218 voter approval requirement; and

**WHEREAS**, in 2017, the California Supreme Court ruled in *City of San Buenaventura v. United Water Conservation District* that groundwater pumping charges (such as the Agency augmentation charge) are not property-related fees subject to Proposition 218. Therefore, the augmentation charge is subject to Proposition 26 and other requirements of state law; and

**WHEREAS**, some of the notice, hearing, and majority protest procedures and requirements in Propositions 26 and 218 and other applicable laws are unclear and lacking in detail. Pajaro Valley Water Management Agency Act ("Agency Act") section 1002 requires a notice and hearing in connection with the adoption or increase of the augmentation charge, but the Agency Act does not specify the notice and hearing procedures; and

**WHEREAS**, Agency Act sections 410 and 501-502 authorize the Agency Board of Directors ("Board") to adopt a resolution establishing procedures to implement and supplement the notice, hearing, and proceedings for the augmentation charge and delivered water charge increases pursuant to the Agency Act and Propositions 26 and 218; and

**WHEREAS,** on February 17, 2021, the Board of Directors adopted Resolution No. 2021-05 – Adopting Procedures for Public Hearing, Notice, and Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge; and

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**WHEREAS,** the Board desires to adopt this resolution to implement subsequent changes to state law including SB 323 (Caballero) (Cal. Govt. Code § 53759, et seq.) and AB 2257 (Wilson) Cal. Govt. Code § 53759.1, et seq.) concerning any potential judicial action or proceeding to attack, review, set aside, void, validate, or annul an ordinance adopting or amending the Agency's augmentation charge and delivered water charge rates.

**NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Pajaro Valley Water Management Agency that the Procedures for Public Hearing, Notice and, for the Delivered Water Charge Only, Protest Concerning Proposed Revisions to Augmentation Charge and Delivered Water Charge established by Resolution No. 2021-05 are hereby amended to read as follows:**

**1. General.** The Board adopts these notice, hearing, and protest procedures to govern the Agency proceedings for the consideration and approval of the revised augmentation charge and delivered water charge. In adopting this resolution, the Board intends to adopt procedures that are consistent with and fairly implement the Agency Act and Section 6 as applied to the unique circumstances of the augmentation charge and delivered water charge. It is not the intention of the Board to vary in any way from the requirements of the California Constitution, Agency Act, or any other federal or state law. If there is any inconsistency between a provision of this resolution and a requirement of federal or state law, the federal or state law shall govern.

**2. Notice, Hearing, and (for the Delivered Water Charge) Protest Procedures.** These notice, hearing, and (for the delivered water charge) protest procedures are adopted for the purposes of assuring compliance with the requirements of the Agency Act and Section 6 as applied to the proposed revision of the augmentation charge and delivered water charge. This resolution provides notice to interested persons as to the procedures the Board intends to follow with respect to the public hearing notice, mailing and distribution of the public hearing notices, filing of written protests, conduct of the public hearing, and the counting of written protests following the close of the public hearing to determine whether or not there is a majority protest.

(a) Identify Parcels Subject to Delivered Water Charge. Section 6, subsection (a)(1) requires the Agency to identify the "parcels upon which a fee or charge is proposed for imposition" (the "Identified Parcels"). (See also Government Code section 53750(g), "Identified parcel" means a "parcel of real property upon which a proposed property-related fee or charge is proposed to be imposed.") This requirement applies to the delivered water charge. The revised delivered water charge will be levied against property owners of parcels that receive or may receive water service through the Agency Coastal Distribution System as described in the Report.

Therefore, the "parcels upon which" the delivered water charge "is proposed for imposition" shall be the parcels that are located within the Coastal Distribution System water service area as determined by the General Manager.

(b) Recipients of Delivered Water Charge Public Hearing Notice.

(1) Section 6, subsection (a)(1) provides that the Agency "shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition." Government Code section 53750(i) defines "notice by

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mail" to mean "any notice required by Article XIII C or XIII D of the California Constitution that is accomplished through a mailing, postage prepaid, deposited in the United States Postal Service and is deemed given when so deposited." Government Code section 53750(j) defines "record owner" to mean "the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll, or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the agency."

(2) Therefore, the public hearing notice for the delivered water charge shall be provided through a mailing, postage prepaid, deposited in the United States Postal Service to the owner of the Identified Parcels (determined and identified pursuant to paragraph 2(a)) whose name and address appears on the last equalized secured county property tax assessment roll (the "Assessment Roll") or, in the case of a government owned parcel, to the representative of that government agency at the address of that entity known to the Agency. For groundwater extraction facilities owned by a city or special district, the notice shall be mailed to the city council or governing board of the city or district.

(3) California Constitution article XIII D, section 2(g) defines "property ownership" to "include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question," which raises the question of whether tenants are entitled to receive the public hearing notice. With respect to the delivered water charge involving a parcel with a tenant/farmer, the Agency typically enters into a service agreement with the property owner receiving the service and then coordinates with the tenant concerning water delivery, billing, and payment. In tenant situations, the delivered water charge bill may be, and often is, paid by the tenant (even though the owner remains primarily liable). The Agency intends to continue this practice with the revised delivered water charge ordinance. Therefore, delivered water service tenants may be directly liable to pay the delivered water charge. Accordingly, in addition to mailing the public hearing notice to the record owner of each Identified Parcel, the Agency shall mail the notice to any tenant/customer address to which the Agency customarily mails the delivered water charge billing statement as shown on the Agency billing records.

(c) Notice of Public Hearing for Augmentation Charge. Under the Agency Act, any action to adopt or increase the augmentation charge must be approved by an ordinance adopted by the Agency Board "after notice and hearings." (Agency Act sections 1001-1002.) While the Act requires "notice and hearings," it does not specify any procedures or details concerning the process to notice and conduct the hearing. In the absence of another statute setting forth the augmentation charge hearing procedure, the Agency shall follow the same procedure for the notice and hearing requirements to apply to the augmentation charge as the notice and hearing requirements for the delivered water charge set forth in Paragraph 2(a) and (b)(1)-(2), above (45-day mailed notice to the owners of record of the "Identified Parcels").

(d) Contents of Public Hearing Notice. There will be two separate public hearing notices, one for the augmentation charge and one for the delivered water charge. Each notice shall contain all of the following information:

(1) A reference to the Report and information about where the Report may be reviewed and obtained.

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(2) The date, time, and place of a public hearing (the "Public Hearing") before the Board at which the Board will consider the Report, receive and consider public comments and protests, and consider adopting ordinances to approve the revised augmentation charge and revised delivered water charge. There will be two separate Public Hearings, but they will be scheduled for and conducted at the same Board meeting.

(3) The amount of the proposed augmentation charge or delivered water charge rates consistent with the final Report and the proposed ordinances increasing the charges, with the rates presented so as to allow the property owner to determine the expected or estimated amount chargeable to the owner's particular property.

(i) The augmentation charge will be levied based on the actual or estimated quantity of groundwater extracted from the extraction facility. There are both metered and unmetered extraction facilities in the Agency. For the metered extraction facilities, the augmentation charge amount will be based on the extraction facility's actual groundwater extraction amount as measured by the meter. For the unmetered extraction facilities, the augmentation charge amount will be based on the estimate of the extraction facility's groundwater extraction amount as determined by the Agency in accordance with the Report.

(ii) The delivered water charge will be a variable charge based on the actual quantity of water delivered to the Identified Parcel.

(4) An explanation of the basis upon which the augmentation charge or delivered water charge rates were calculated.

(5) An explanation of the reasons for the revised augmentation charge or delivered water charge.

(6) The following admonition regarding legal challenges to the proposed charges being considered for adoption:

"**Important Legal Information & 120-Day Statute of Limitations**

Under California Government Code Section 53759, any judicial action or proceeding to attack, review, set aside, void, or annul any ordinance adopting new, increased, or extended augmentation charges or delivered water charges must be commenced within 120 days of the effective date or the date of final passage, adoption, or approval of the fee, whichever is later. Furthermore, please be advised that to bring a legal challenge, parties must have first submitted a timely written objection during the Proposition 218/26 process.

**AB 2257 Administrative Exhaustion Requirements**

California Assembly Bill 2257 (Government Code Sections 53759.1 and 53759.2) establishes an optional administrative remedy. To preserve your rights to bring a judicial challenge regarding the legality of these proposed rates, you must adhere to the following:

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- Written Objection Deadline: Any person or entity desiring to challenge the updated fees in court must submit a separate, timely written objection to the Agency no later than [insert date, minimum 45 days after the notice is mailed].
- Specificity Required: The written objection must specify the grounds for alleging that the proposed rates do not comply with Proposition 218.
- Agency Response: The Agency will evaluate all timely written objections and prepare a written response prior to the close of the public hearing.

**Additional Information and Document Availability**

The complete Cost of Service Study, supporting data, and this Notice are posted on the Agency website at https://www.pvwater.org. Copies are also available for public review at the Agency office."

(7) Such other appropriate information as determined by the General Manager.

(e) Mailing of Augmentation Charge and Delivered Water Charge Public Hearing Notice. The General Manager or his or her designee shall mail the augmentation charge and delivered water charge public hearing notice to the delivered water charge recipients (in accordance with paragraph 2(b)) at least 45 days prior to the Public Hearing date. A notice also shall be mailed to any interested party who has filed a written request with the Agency for mailed notice of Board hearings on new or increased fees and charges. The General Manager or his designee may certify the proper mailing of the notices by a declaration, which shall constitute conclusive proof of mailing in the absence of fraud. Failure of any person to receive notice shall not invalidate the proceedings.

The General Manager or his designee may certify the proper mailing of the notices by a declaration, which shall constitute conclusive proof of mailing in the absence of fraud. Failure of any person to receive notice shall not invalidate the proceedings.

(f) Filing a Written Protest Against Delivered Water Charge Only. Section 6, subsection (a)(2) provides that: "At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge." The following rules shall govern the process of evaluating and accepting written protests against the proposal to increase the delivered water charge:

(1) The Assessment Roll shall be presumptive evidence of ownership of an Identified Parcel for written protest purposes. If a person asserts that it is the owner of an Identified Parcel but is not shown as the owner on the Assessment Roll, then such person may seek to establish eligibility to file a written protest for such parcel by filing with the General Manager evidence of ownership. If the submitted evidence of ownership is satisfactory to the General Manager, then the protest shall be accepted. Any such evidence must be received by the General Manager prior to the close of the Public Hearing.

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(2) When an Identified Parcel is held by a partnership, as community property, in joint tenancy, as a tenancy in common, or by a trust, any partner, spouse, joint tenant, tenant in common, or trustee, as the case may be, may file a written protest for such parcel.

(3) An executor, administrator, or guardian may file a written protest for an Identified Parcel on behalf of the estate it represents. If such representative is not shown as the owner on the Assessment Roll, then the representative must file written documentation satisfactory to the General Manager establishing the legal representation. Any such documentation must be filed with the General Manager prior to the close of the Public Hearing.

(4) When an Identified Parcel is held by a corporation, company, unincorporated association, or local government agency, a written protest may be filed by resolution of the board of directors or other governing board, by the chief executive officer of the entity, or by any other person authorized in writing by the board of directors or other governing board to take such actions. If the protest is filed by a person other than the chief executive officer on behalf of the entity, then the corporation, unincorporated association or local government agency must file written authorization satisfactory to the General Manager. Any such written authorization must be filed with the General Manager prior to the close of the Public Hearing.

(5) Government Code section 53755(b) states that "[o]ne written protest per parcel, *filed by an owner or tenant of the parcel*, shall be counted in calculating a majority protest to a proposed new or increased fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution." Based on section 53755(b), the Agency shall accept a written protest filed by an owner or a tenant of an Identified Parcel provided, however, that if a tenant desires to protest, then (i) the tenant must file with the General Manager a copy of the lease or rental agreement for the Identified Parcel or other written documentation satisfactory to the General Counsel establishing the tenancy (any such documentation must be filed with the General Manager prior to the close of the Public Hearing), or (ii) the tenant must be listed as a tenant/customer on the Agency delivered water charge billing records. If the tenant is other than a natural person, then the rules in subparagraphs (g)(1) to (g)(4) shall apply to determine the authority of a person to act on behalf of the tenant.

(6) Each written protest must identify the Identified Parcel covered by the protest and bear the original signature of the property owner or tenant or authorized representative (as provided above in subparagraphs (g)(1) to (g)(5)). A written protest may be mailed or sent by other courier or delivery service to the General Manager (Pajaro Valley Water Management Agency, 36 Brennan Street, Watsonville, CA 95076), hand-delivered to the same address, or hand-delivered at the Public Hearing. A protest delivered via e-mail will not be counted as a written protest for purposes of determining whether a majority protest exists.

(7) No written protest received by the Agency after the close of the Public Hearing shall be counted in determining the existence of a majority protest.

(8) A written protest may be withdrawn in writing at any time prior the close of the Public Hearing by the person who submitted the written protest.

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(9) All written protests received by the Agency and not withdrawn prior to the close of the Public Hearing shall be considered public records for at least two years following the Public Hearing date.

(10) A written protest respecting multiple Identified Parcels that are combined into a single instrument shall be accepted and all Identified Parcels listed in the combined protest shall be counted if the combined protest otherwise satisfies the requirements of this subparagraph (g).

(g) Counting of Written Protests and Determining Majority Protest

(1) Written protests against the proposal to increase the delivered water charge shall be reviewed and tabulated by the General Manager or his or her designee. The review and tabulation shall be in an open and public setting. Any interested member of the public may observe the tabulation process.

(2) The Agency will not count a protest that (i) does not clearly identify the protestant's Identified Parcel, (ii) is not signed by the property owner, tenant, or authorized representative, (iii) is not from a property owner or tenant of an Identified Parcel, or (iv) does not clearly indicate a protest against or objection to the proposed charge. The cause of the rejection shall be written on the face of the protest.

(3) For purposes of determining whether a majority protest exists, only one protest per Identified Parcel will be counted. (Government Code section 53755(b).) In order to be counted in determining whether a majority protest exists, a protest must be a proper written protest timely received by the Agency in accordance with subparagraph (g).

(4) A written protest from any person having an ownership or tenancy interest or representing a person having such an interest in an Identified Parcel will result in having that Identified Parcel counted as an Identified Parcel with a written protest, irrespective of the possibility that one or more other persons having an ownership or tenancy interest or representing a person having such an interest in the same Identified Parcel do not join in the written protest.

(5) In calculating the majority protest, the numerator shall be the number of proper timely written protests and the denominator shall be the total number of Identified Parcels (determined pursuant to subparagraph (a)). If the calculated percentage is greater than 50%, then there shall be a majority protest. If the calculated percentage is 50% or less, then there shall not be a majority protest.

(h) Conduct of the Public Hearing

(1) At the time, date, and place fixed for the Public Hearings, the Board shall hear staff presentations pertaining to the Report and proposed ordinances, hear all persons interested in the matter or any aspect of the Report or proposed ordinances, and receive public comments and (for the delivered water charge) written protests regarding the Report and proposed ordinances. A Public Hearing may be continued from time to time as determined by the Board of Directors. If it is not possible to tabulate all of the protests on the day of the Public Hearing, then the Public Hearing may be closed but action on the delivered water charge increase ordinance may be continued until after finishing tabulation of the protests.

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(2) If the Board determines after the close of the Public Hearing on the delivered water charge that written protests against the charge have been presented, and not withdrawn, by owners, tenants, or authorized representatives of a majority of the Identified Parcels (i.e., there is a majority protest as determined pursuant to paragraph (h)), the delivered water charge increase ordinance shall not be adopted and the revised charges will not be imposed.

(3) If the Board determines after the close of the Public Hearing on the delivered water charge that there is not a majority protest against the charge, the Board may (i) approve the Report as originally filed or as amended (provided that any such amendment shall not result in an increase in the charge above the amount shown in the public hearing notice), and (ii) adopt the ordinance increasing the delivered water charge.

(4) At the close of the Public Hearing on the augmentation charge, the Board may (i) approve the Report as originally filed or as amended (provided that any such amendment shall not result in an increase in the charge above the amount shown in the public hearing notice), and (ii) adopt the ordinance increasing the augmentation charge.

**3. Effective Date of Resolution; Amendment.** This resolution shall take effect immediately upon its adoption. These procedures may be amended from time to time by subsequent resolution of the Board.

**4. Supersedes 2021 Resolution.** This resolution supersedes Agency Resolution No. 2021-05.

**PASSED AND ADOPTED** by the Board of Directors of the Pajaro Valley Water Management Agency on the **17th** day of **June, 2026,** by the following vote:

**AYES:**
**NOES:**
**ABSTAIN:**
**ABSENT**:

_____
**Stephen Rider, Chair**

**Attest:**

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**Corin Hammond, Secretary**

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