

**VALLEY CENTER MUNICIPAL WATER DISTRICT
MINUTES
Regular Meeting of the Board of Directors
Monday, September 21, 2026 — 2:00 P.M.**

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Ferro at 2:00 PM in the Board Room at 29300 Valley Center Rd.; Valley Center, CA 92082, and livestreamed on the District's website at www.vcmwd.org.

ROLL CALL

Board Members Present: *Directors Ferro, Stehly, Baker and Atkins.*

Board Members Absent: *Director Ness.*

Staff Members Present: *General Manager Leahy, Director of Finance & Administration Pugh, District Engineer Rocco, Director of Operations and Facilities Lovelady, Board Secretary Hutchins, Special Projects and Regulatory Compliance Manager Nichols, Project Manager Nikrasch, Water System Supervisor Nichols, and General Counsel Lloyd.*

Special Presenter Present: *Tina Liu*

PUBLIC COMMENT(S)

President Ferro established for the record the process by which public comments are received by the Board; this process was also described in the Agenda for the meeting.

Matthew Prickett addressed the Board regarding regular Board meeting times and requested consideration of an evening meeting schedule or trial period to improve public participation. He also requested that individual Board member contact information, including email addresses, be made available on the District website. General Manager Leahy stated that Division-specific Board email addresses were being developed for posting on the website and noted the existing options for submitting written or telephone comments for Board meetings.

CONSENT CALENDAR ITEMS

Consent calendar items will be voted on together by a single motion unless separate action is requested by a Board member, staff or member of the audience.

- 1. Minutes of the Regular Board Meeting Held Tuesday, September 8, 2026;**
- 2. Audit Demands and Wire Disbursements; and**
- 3. Treasurer's Report for the Month Ending July 31, 2026.**

Action: Upon motion by Atkins, seconded by Baker; and carried with four (4) affirmative votes, with Director Ness absent, the previously listed consent calendar items were approved.

ACTION / DISCUSSION

4. Actions Related to the North County Emergency Storage Project:

Project Manager Nikrasch reviewed the North County Emergency Storage Project - Valley Center Improvements, which includes flow-control facilities and upgrades to the Lilac, Pala and San Gabriel pump stations to support emergency water deliveries to Yuima Municipal Water District. The original project is approximately 95 percent complete and is fully funded by the San Diego County Water Authority under a construction and funding agreement.

**Valley Center Municipal Water District
Board of Directors' Meeting Minutes**

Staff reported that commissioning of the San Gabriel Pump Station was suspended after an April 2, 2026 pipeline failure on Lilac Road. Subsequent field assessments identified significant deterioration in a portion of the existing steel pipeline, including failed exterior coating and corrosion. Based on the assessment results, staff recommended replacement of approximately 2,800 linear feet of 12- and 16-inch waterline with ductile iron pipe, together with new valving and related appurtenances.

The proposed actions included a second amendment to the construction and operation agreement providing approximately \$3.3 million in additional Water Authority funding; Change Order No. 9 with Orion Construction Corporation in the amount of \$2,793,456.55 and 243 additional calendar days; Amendment No. 7 to the construction services agreement with GFT Infrastructure, Inc. in the amount of \$115,210; and authorization for the General Manager, or designee, to approve cumulative change orders up to seven percent (7%) of Change Order No. 9, or \$195,542. Staff confirmed that the additional costs are fully funded by the Water Authority.

The Board discussed the age and condition of the pipeline, the basis for the assessment limits, and the comparative cost of a full internal condition assessment. Staff explained that a full internal assessment would have cost approximately \$1.3 million before any replacement work and that replacing the identified 2,800-foot section was considered the more conservative and cost-effective approach. No public comments were received.

Action: Upon motion by Atkins, seconded by Stehly; Resolution No. 2026-35 was adopted with four (4) affirmative votes, with Director Ness absent.

**RESOLUTION NO. 2026-35
RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT APPROVING ACTIONS RELATED TO THE
NORTH COUNTY EMERGENCY STORAGE PROJECT - VALLEY CENTER IMPROVEMENTS**

Was adopted by the following vote, to wit:

AYES: Directors Ferro, Stehly, Baker, and Atkins
NOES: None
ABSENT: Ness

5. Water and Wastewater Professionals Appreciation Week - October 3 through 11, 2026:

Special Projects and Regulatory Compliance Manager Nichols reviewed the history and purpose of Water and Wastewater Professionals Appreciation Week and described the District's planned employee recognition and public outreach activities. She noted that the District employs 73 staff members with a combined total of more than 168 degrees, professional certificates and technical certifications, and that the District has recognized the week annually since 2017.

Planned activities include employee appreciation events, an article in the Valley Roadrunner, and participation in the San Diego County Water Authority's "We Love Water Pros" campaign, with the District's Information Technology team participating in regional career and workforce-development outreach. No public comments were received.

Action: Upon motion by Atkins, seconded by Stehly; Resolution No. 2026-36 was adopted with four (4) affirmative votes, with Director Ness absent.

**Valley Center Municipal Water District
Board of Directors' Meeting Minutes**

**RESOLUTION NO. 2026-36
RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PROCLAIMING OCTOBER 3 THROUGH 11, 2026
AS WATER AND WASTEWATER PROFESSIONALS APPRECIATION WEEK**

Was adopted by the following vote, to wit:

AYES: Directors Ferro, Stehly, Baker, and Atkins
NOES: None
ABSENT: Ness

6. Actuarial Valuation for Retirees Health Benefits Plan:

Director of Finance & Administration Pugh introduced the biennial actuarial valuation of the District's retiree health benefits plan. The plan is closed to employees hired after June 30, 2008, and the valuation was prepared for compliance with Governmental Accounting Standards Board Statements 74 and 75. The District's funding policy is to fund 100 percent of the actuarially determined contribution through the California Employers' Retiree Benefit Trust (CERBT).

Tina Liu of Nyhart reviewed the valuation results, including changes in plan liabilities and assets, investment performance, participant demographics, and the 6.4 percent long-term expected rate of return used for the CERBT Strategy 1 portfolio. She noted that the plan is mature, with approximately 80 participants, and that strong recent investment performance resulted in projected assets exceeding projected liabilities as of June 30, 2026. She also discussed the potential for the District to evaluate a more conservative investment strategy in the future based on risk tolerance and the maturity of the closed plan.

No public comments were received.

Action: Upon motion by Stehly, seconded by Baker; and carried with four (4) affirmative votes, with Director Ness absent, the actuarial valuation report was received and filed.

ORAL / WRITTEN REPORTS

7. Agency Purchasing and Signing Authority Policy:

Director of Finance & Administration Pugh presented a comparison of the District's current purchasing and signing authority with ten local public agencies, consisting of eight water districts and two cities. Under the District's current Administrative Code 140.2, purchases greater than \$5,000 and less than \$50,000 require three informal quotes and progressively higher approval levels; purchases of \$50,000 or more require a formal bid process and Board approval.

Staff reported that the average general manager signing authority among the surveyed water districts was \$62,500, 25% higher than the District's. Including the cities, the average was \$80,000, or 60% higher. The median among all agencies surveyed, including the District, was \$75,000. The District's current \$50,000 threshold was last revised in November 2020 from \$35,000.

Staff stated that no change to the current purchasing and signing authority was recommended, as the existing procurement process is functioning effectively, Board agendas are not being unnecessarily burdened with procurement items, and current approval requirements are not causing delays in District purchasing or operations. The information was presented in response

**Valley Center Municipal Water District
Board of Directors' Meeting Minutes**

to prior Board direction to review the District's purchasing and signing authority in comparison with other local public agencies.

Matthew Prickett commented that increases in administrative spending authority can reduce opportunities for public oversight and urged the Board to consider transparency when evaluating any future changes. The Board discussed inflation, procurement efficiency, existing internal review levels, and the public disclosure of District payments in Board packets.

Action: Informational item only; no Board action required.

8. District Operational Procedures and Limitations During Water Authority Shutdowns:

Water System Supervisor Nichols reviewed District procedures for planned San Diego County Water Authority aqueduct shutdowns. He explained that the District receives all imported water through connections to two Water Authority aqueducts, that planned shutdowns are generally scheduled during lower-demand periods, and that staff evaluates weather, projected demand and reservoir storage before each shutdown.

Staff described the District's ability to transfer a limited amount of water between aqueduct service areas through existing pump stations and bypass connections. For the planned 15-day Second Aqueduct shutdown in December 2026, available pumping and bypass capacity is expected to exceed projected demand; therefore, staff does not anticipate requiring outdoor watering restrictions or customer notifications for that shutdown.

Staff explained that the planned 10-day First Aqueduct shutdown in January 2027 presents greater limitations because the affected area has substantially higher demand and certain pressure zones cannot receive sufficient replacement supply through interconnections. Outdoor watering restrictions will therefore continue for the January shutdown, with final operating decisions to be based on weather, demand and storage conditions shortly before the shutdown. Staff emphasized that adequate reservoir storage must be maintained for fire-flow and emergency needs. No public comments were received.

Action: Informational item only; no Board action required.

9. Legislative Update:

Special Projects and Regulatory Compliance Manager Nichols provided an update on State and federal legislative matters. She reported that the Governor had vetoed AB 1383, a CalPERS-related measure previously opposed by the District, and that legislation addressing cash-payment rounding in response to reduced penny availability had been signed, with staff and General Counsel to evaluate any necessary District policy or billing changes.

Nichols also reviewed the status of wildfire-liability legislation, Advanced Clean Fleets regulatory amendments, federal water-infrastructure legislation, and ongoing Colorado River negotiations. She noted that wildfire-liability legislation was expected to return in a future legislative session and that compliance deadlines associated with Advanced Clean Fleets amendments had been extended to January 1, 2030. No public comments were received.

Action: Informational item only; no Board action required.

**Valley Center Municipal Water District
Board of Directors' Meeting Minutes**

10. General Information:

General Manager Leahy reported that the San Diego County Water Authority had completed additional water-exchange agreements and stated that more information would be presented at a future Board meeting. She also advised that staff continues to prepare sample customer bills and rate scenarios for presentation in connection with the upcoming Proposition 218 rate process.

Director Atkins requested that a future agenda include discussion of the District's regular Board meeting time in response to public comments requesting evening meetings. General Manager Leahy stated that staff would research prior Board discussions and meeting-time changes and return with the historical information for Board consideration.

Action: Informational item only; no Board action required.

DISTRICT GENERAL COUNSEL'S ITEM(S)

General Counsel stated that they would review the recently enacted cash-payment rounding legislation and coordinate with staff regarding any potential District impacts or required action.

BOARD OF DIRECTORS' AB 1234 REPORTS ON MEETINGS ATTENDED

None.

ADJOURNMENT

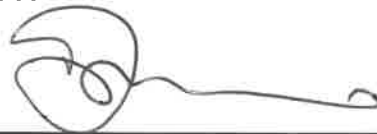
Action: Upon motion by Stehly, seconded by Atkins; motion passed with four (4) affirmative votes, with Director Ness absent; the regular meeting of the Board of Directors was adjourned at 3:27 P.M.

ATTEST:



Coral L. Hutchins, Board Secretary

ATTEST:



Enrico P. Ferro, President