VALLEY CENTER MUNICIPAL WATER DISTRICT
MINUTES
Regular Meeting of the Board of Directors
Monday, October 5, 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 p.m. at District headquarters, 29300 Valley Center Road, Valley Center, California, and broadcast online via livestream.

ROLL CALL

Board Members Present: *Directors Ferro, Stehly, Ness, Baker (departed at 4:04 p.m.), and Atkins (arrived at 2:06 p.m.).*
Board Members Absent: *None.*
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, and General Counsel de Sousa.*
Special Presenters Present: *Dana Friehauf, ACWA Region 10 Vice Chair; and Nancy Phan, Principal Consultant, Water Resources Economics (remote participation).*

PUBLIC COMMENT(S)

President Ferro reviewed the procedures for public participation. Board Secretary Hutchins reported that no non-agenda public comments had been received.

SPECIAL PRESENTATIONS

1. **ACWA Resolution Honoring Gary T. Arant:**

   Dana Friehauf, ACWA Region 10 Vice Chair, presented ACWA Resolution No. 2026-05 honoring former General Manager Gary T. Arant. The resolution recognized his nearly 53 years of public service in California's water industry, including more than 36 years with the District, and his leadership, mentorship and commitment to the Valley Center community.

   Ms. Friehauf and Board members recalled Mr. Arant's contributions to ACWA and regional water reliability. No public comments were received on this item.

   Action: Presentation received; no Board action was taken.

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.

2. **Minutes of the Regular Board Meeting Held Monday, September 21, 2026;**
3. **Audit Demands;**
4. **Treasurer's Report for the Month Ending August 31, 2026;**
5. **Adopt Resolution No. 2026-37 Requesting Approval of Amendments to the District's Conflict of Interest Code Appendix;** *and*

6. **Adopt Resolution No. 2026-38 Declaring the Meadows 35 Property as Exempt Surplus Land and Authorizing the Transfer of District Property Interests and Easements to the Adjacent Property Owner.**

Action: Upon motion by Ness, seconded by Baker; and carried with five (5) affirmative votes, the previously listed consent calendar items were approved.

ACTION / DISCUSSION

7. Updated: Water and Wastewater Financial Outlook and Rate Strategy:

Director of Finance and Administration Pugh introduced Nancy Phan of Water Resources Economics, who reviewed updated financial models and proposed rate components for the Water Fund, Lower Moosa and Woods Valley Ranch. The presentation reviewed previous direction provided by the Board to increase the water and wastewater funds revenue to meet financial policies, pay-go pipeline replacement projects, apply rate increases on fixed charges, return to the Board to present sample bills of the proposed increases.

For the water fund, staff proposed increasing the monthly capital improvement charge from $5.00 to $15.50 for a three-quarter-inch meter, with the same percentage adjustment across meter sizes. Illustrated total bill increases were approximately 13.8 percent for a domestic/commercial customer, 5.6 percent for a small agricultural customer and 4.5 percent for a large agricultural customer. These examples included both local and pass-through costs and depended on the usage, meter size and pumping zone shown.

For Lower Moosa, staff proposed increasing the capital improvement charge from $12.00 to $24.24 per equivalent dwelling unit. An alternative would delay treatment plant upgrades and debt issuance by two years, spread revenue adjustments over four years and begin with a $19.20 capital charge. The consultant estimated approximately $650,000 in added construction inflation under that alternative.

For Woods Valley Ranch, the presentation reviewed proposed July 2027 rate adjustments and the need to improve operating cost recovery and debt coverage.

Public speaker, Mr. Prickett expressed concern about advance access to the detailed rate information, customer costs and acceleration of the original capital-charge phase-in. Staff and General Counsel explained that the proposed rates and a draft Proposition 218 notice would return for further Board review before notice mailing and a public hearing.

Board discussion addressed slower phasing of the water capital charge, clearer explanations of dollar impacts and outside-agency costs, and documentation of District savings and efficiencies. Directors requested additional background on capital needs and the consequences of delaying Lower Moosa improvements. Staff discussed ongoing collection-system needs, longer-term master planning and the effect of delayed rate action on recovery of wholesale costs.

Action: By consensus, the Board directed staff to return with additional historical and financial explanations, District cost containment information, Water Fund capital-charge phasing alternatives and the Lower Moosa alternative presented. No additional Woods Valley Ranch alternatives were requested. Staff would return at the next meeting or the following meeting, depending on preparation time. No rates or Proposition 218 notice were approved, and no formal motion or vote was taken.

8. Gary T. Arant Legacy Award and Ordinance:

General Manager Leahy presented the proposed Gary T. Arant Legacy Award, developed following the Board's request to honor Mr. Arant's dedication to public service. Ordinance No. 2026-14 adds Section 7.9 to Article 7 of the District's Administrative Code to establish the award.

The annual award will recognize an employee whose service demonstrates leadership, mentorship, responsible stewardship and commitment to the District and its customers. Ms. Leahy proposed presenting the award in October in conjunction with Water Professionals Appreciation Week. No public comments were received.

Action: Upon motion by Atkins, seconded by Stehly; Ordinance No. 2026-14 was adopted with five (5) affirmative votes.

ORDINANCE NO. 2026-14
ORDINANCE OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE
TO ADD SECTION 7.9 TO ARTICLE 7 AND ESTABLISH
THE GARY T. ARANT LEGACY AWARD

Was adopted by the following vote, to wit:

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

9. Regular Board Meeting Schedule Discussion:

General Manager Leahy presented information requested by Director Atkins on the history of the District's regular meeting schedule, regional meeting times, public participation and the potential effects of moving meetings to a later hour. The existing schedule is the first and third Monday of each month at 2:00 p.m.

The Board discussed work and commuting schedules, attendance at other public meetings, and participation through in-person, telephone and written comments. Staff described the difference between viewing the livestream and participating remotely and offered to investigate interactive online options. No platform purchase or implementation was directed.

Staff outlined potential after-hours overtime and meal costs, using an upper-end fully burdened overtime rate for nonexempt staff. The estimates depended on meeting timing, duration and staffing. General Manager Leahy stated that had no recommendation regarding the Board meeting time and would accommodate the Board's preference, noting that the determination of a meeting time that best serves the Board and its constituents rests with the Board. Directors discussed the importance of controlling costs.

No public comments were received on this item.

Action: The Board received the information. No motion or vote was taken. Board Meetings will continue to be held on the first and third Monday of each month, at 2:00 pm.

ORAL / WRITTEN REPORTS

10. General Information:

General Manager Leahy recognized Water and Wastewater Professionals Appreciation Week and thanked District staff. She planned to present the first Gary T. Arant Legacy Award at the end-of-month staff meeting, with future presentations during the appreciation week. The award's form remained to be determined within the current adopted budget. She also reported that shared-services support for social media was being explored and that the anticipated public safety power shutoff event had not occurred. Board members acknowledged staff's readiness over the weekend. No public comments were received.

Action: Informational item only; no Board action was taken.

11. San Diego County Water Authority (SDCWA) Board Meeting Summary:

The Board received the written summary of the September 17, 2026 SDCWA Board meeting and an oral update on water exchange agreements and their financial implications for member agencies.

The update described annual exchange volumes of 20,000 acre-feet with Western Municipal Water District, 12,500 acre-feet with Eastern Municipal Water District and 5,000 acre-feet with the City of Burbank, totaling 37,500 acre-feet. The presentation explained how the exchanges reduce exposure to unused take-or-pay supplies amid declining regional water sales.

Discussion also addressed potential future exchanges, local supply projects and revised projections for wholesale rate increases. The presenter cautioned that the exchanges reduce existing supply obligations and should not be interpreted as a guarantee of lower customer rates.

No public comments were received on this item.

Action: Informational item only; no Board action was taken.

DISTRICT GENERAL COUNSEL'S ITEM(S)

General Counsel de Sousa reported that she had no report.

BOARD OF DIRECTORS' AB 1234 REPORTS ON MEETINGS ATTENDED

Director Atkins reported attending the SDCWA Citizens Water Academy. The report covered presentations on regional water supplies and infrastructure, a water-rate budgeting exercise, and a tour of Olivenhain Reservoir. The director also described inviting the Champagne Village community manager to participate. No Board action was taken.

CLOSED SESSION

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session (per Government Code § 54956.9).

A Closed Session was called by President Ferro at 4:04 P.M. pursuant to the following two (2) items:

- **Government Code § 54956.9(d)(2) - Conference with Legal Counsel, Anticipated Litigation:** One potential case

- **Government Code § 54957 - Public Employee Performance Evaluation:**
  Unrepresented Employee: General Manager

General Counsel de Sousa stated that there was no reportable action.

Reconvene: The Board reconvened in open session at 5:07 P.M. General Counsel de Sousa that there was no reportable action.

ADJOURNMENT

Action: Upon motion by Stehly, seconded by Ness; the regular meeting of the Board of Directors was adjourned at 5:07 p.m. by four (4) affirmative votes from Directors Ferro, Stehly, Atkins and Ness, with Director Baker absent. Board Secretary Hutchins noted that Director Baker had departed at 4:04 p.m.

ATTEST:

Coral L. Hutchins, *Board Secretary*

ATTEST:

Enrico P. Ferro, *President*

Approved at a regularly scheduled Board Meeting on November 2, 2026.