VALLEY CENTER MUNICIPAL WATER DISTRICT

29300 Valley Center Road
Valley Center, CA 92082

AGENDA

Regular Meeting of the Board of Directors

Monday, November 16, 2026 — 2:00 P.M.

The VCMWD Board of Directors welcomes the public to attend its meetings both in-person at its Board Room and virtually via livestream. *Please note that in the event of technical issues that disrupt the meeting livestream or receipt of public comments by phone or email, the meeting will continue, unless otherwise required by law, such as when a Director is attending the meeting virtually pursuant to certain provisions of the Brown Act.*

Instructions for members of the public who wish to address the Board of Directors:

Members of the public can address the Board of Directors during "Public Comments" or on specific agenda items, may do so as instructed below. All comments will be subject to a limit of three (3) minutes.

- Making Public Comment for In-Person Attendance: Members of the public who wish to observe or to address the Board may join the Board Members at the noticed, physical location. A Request to Speak slip must be submitted to the Board Secretary prior to start of the meeting *(if possible)*.
- Phone Comments During the Meeting: Before the meeting, or before public comment period for the item closes during the meeting, submit a telephone number by email to the Board Secretary at publiccomments@vcmwd.org, together with the agenda item number, and the Board Secretary will call when the Board is ready to hear public comments; *or*
- Emailed Comments: Before the meeting, or before public comment period for that item closes at the meeting, email your comments to the Board Secretary at publiccomments@vcmwd.org and they will be read aloud during the public comment period; *or*
- Written Comments: Written comments can also be physically dropped off or mailed in advance of the meeting at the District's Administrative Office located at 29300 Valley Center Rd., Valley Center, CA 92082, for receipt no later than 1:00 pm on meeting day.

These public comment procedures supersede any District public comment policies and procedures to the contrary. If modifications or accommodations from individuals with disabilities are required, such persons should provide a request at least 24 hours in advance of the meeting by email to the Board Secretary at boardsecretary@vcmwd.org.

Meeting Broadcast: Members of the public may watch the meeting electronically by visiting the District's website at vcmwd.org/Board/Board-Documents and then clicking the link listed below "live stream" on the page.

Meeting Documents: Board Meeting Packets (*except for closed session materials*) will be made available to the public once distributed to the Board. Please visit the District's website at vcmwd.org/Board/Board-Documents for Agenda and related Board Meeting Documents.

ROLL CALL

APPROVAL OF AGENDA

At its option, the Board may approve the agenda, delete an item, reorder items and add an item to the agenda (Government Code Section 54954.2).

PUBLIC COMMENTS

Comments and inquiries from the audience will be received on any matter not on the agenda, but within the jurisdiction of the Board. Comments and inquiries pertaining to an item on the agenda will be received during the deliberation of the agenda item (Government Code Section 54954.3).

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 Monday, November 2, 2026;**
2. **Audit Demands and Wire Disbursements;** *and*
3. **Financial Statements for the Quarter Ended September 30, 2026.**

ACTION / DISCUSSION

4. **Consideration of Ordinance No. 2026-15 Amending the Administrative Code Regarding Operating Reserves for the Lower Moosa Canyon and Woods Valley Ranch Water Reclamation Facilities:**

   The Board will consider adoption of Ordinance No. 2026-15 amending Administrative Code Section 50.2(a)2 to specify operating reserve targets for the Lower Moosa Canyon and Woods Valley Ranch wastewater funds. The proposed policy establishes a minimum target of three months and a maximum target of six months of each fund's operations and maintenance budget, with reserves funded from earnings not reserved for other purposes.

   a. Report by Director of Finance and Administration
   b. Discussion
   c. Audience comments/questions
   d. If desired, motion to approve or deny Ordinance 2026-15

5. **Review of Notice of Public Hearing for Proposed Changes to Water and Wastewater Rates Effective February 1, 2027, and Consideration of Setting a Public Hearing:**

   Proposed water and wastewater rates for 2027, which reflect pass-through increases in wholesale costs from SDCWA, MWD, and SDG&E, as well as the local commodity rate, will be reviewed. Authorization to proceed with the Proposition 218 process and approval of a Notice of Public Hearing tentatively scheduled for the February 1, 2027, Board Meeting or a date selected by staff that is at least 45 days after mailing the Proposition 218 notice, in accordance with Proposition 218, will be considered.

   a. Report by Director of Finance
   b. Discussion
   c. Audience comments/questions
   d. If desired, motion to approve or deny setting a public hearing date of February 1, 2027, or different date selected by staff that is at least 45 days after mailing the Proposition 218 notice.

SPECIAL ACTION AND PRESENTATION ITEMS

6. **Adoption and Presentation to Director Ness of Resolution No. 2026-40 Honoring him for his 4 Years of Service to the Valley Center Municipal Water District:**

ORAL / WRITTEN REPORTS

7. **General Information;**

DISTRICT GENERAL COUNSEL'S REPORT

BOARD OF DIRECTORS' AGENDA AND AB1234 REPORTING*

** Directors must provide brief reports on meetings/events attended in the performance of their official duties for which compensation or reimbursement is provided. Authority: Government Code Section 53232.3.*

CLOSED SESSION

8. **Closed Session will be held regarding the following one (1) item:**

- **Conference with Legal Counsel – Existing Litigation**
  Paragraph (1) of subdivision (d) of §54956.9
  Name of Cases: *In re: Aqueous Film-Forming Foams Product Liability Litigation*, Master Docket MDL No. 2:18-mn-2873-RMG; *City of Camden v. Carrier,* No. 2:26-cv-02805-RMG; *City of Camden v. Amerex Corporation*, No. 2:26-cv-02798-RMG; *City of Camden v. Archroma U.S. Inc.*, No. 2:26-cv-02802-RMG; *City of Camden v. Nation Ford Chemical Company*, No. 2:26-cv-02806-RMG.

ADJOURNMENT

NOTICE TO THE PUBLIC

This agenda was posted at least 72 hours before the meeting in a location freely accessible to the public. No action may be taken on any item not appearing on the posted agenda, except as provided by Government Code Section 54954.2. Any written materials provided to a majority of the Board of Directors within 72 hours prior to the meeting regarding any item on this agenda will be available for public inspection on the District's website. The agenda is available for public review on the District's website, **http://www.vcmwd.org**.

For questions or request for information related to this agenda contact Coral Hutchins, *Board Secretary*, at (760) 735-4517 or **publiccomments@vcmwd.org**. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at least 48 hours before the meeting, if possible.

— End of Agenda —

VALLEY CENTER MUNICIPAL WATER DISTRICT

MINUTES

Regular Meeting of the Board of Directors

Monday, November 2, 2026 — 2:00 P.M.

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Enrico P. 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: *President Ferro, Vice President Stehly (departed at 5:18 p.m.), and Directors Ness, Baker and Atkins.*

Board Members Absent: *None.*

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

PUBLIC COMMENT(S)

President Ferro reviewed the procedures for public participation. LaVonne Norwood, speaking as a Valley Center resident, requested that the District evaluate potential effects of SDG&E's proposed transmission project and South Mountain alternative on water infrastructure and reliable service. She requested coordination with the San Diego County Water Authority and neighboring water agencies to identify infrastructure conflicts, construction and safety risks, responsibility for related costs, and regulatory deadlines, with findings to be presented at a future public meeting.

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 Monday, October 5, 2026;**
2. **Treasurer's Report for the Month Ending September 30, 2026;**
3. **Audit Demands and Wire Disbursements;**
4. **Expense Reimbursement Disclosures for July 1, 2026, through September 30, 2026;** *and*
5. **VertexOne WaterSmart Software Renewal.**

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

ACTION / DISCUSSION

6. **Cole Grade Road Pipeline Replacement Phase 1 Project: Update, Budget Amendment, and Reimbursement Agreement Amendments:**

District Engineer Rocco presented the District's waterline work included in the County of San Diego's Cole Grade Road widening Phase 1 project. Following receipt of three bids and a bid protest, County staff indicated an intent to award the construction contract to Hazard-TC JV as

the lowest responsive, responsible bidder. The bid for the District's waterline work was $2,301,300, compared with the engineer's estimate of $1,163,100.

Staff evaluated constructing the District's improvements under a separate contract but recommended retaining the work within the County contract because of coordination, delay, liability and potential cost risks. Potential value engineering and deductive changes were identified as opportunities to reduce costs after the County's contract award.

The proposed FY 2026-27 budget amendment would transfer $642,659 to the project, including $491,052 from other project accounts and $151,607 from the Capital Improvement Charge Reserve. The required County deposit was $1,725,975. The proposed funding also addressed District inspection, design support and contingency. The updated estimated total project cost was $4,087,655, with additional funding to be requested in a future annual budget.

Staff recommended adoption of Resolution No. 2026-39 approving the budget transfer and authorizing the General Manager to negotiate and execute amendments to the County Reimbursement Agreement that reduce project costs.

Discussion and Public Comments: Directors asked whether the proposed reserve transfer would come from the Water Fund or a wastewater account and how unused project balances are ordinarily handled. Staff clarified that the Capital Improvement Charge Reserve is a Water Fund account and that unused balances from completed projects would normally be returned to capital improvement reserves. Staff also explained that the participation, upsizing and unspecified replacement account provides funding for unanticipated County and developer projects. No public comments were received.

Action: Upon motion by Vice President Stehly, seconded by Director Ness, the Board adopted Resolution No. 2026-39 approving a mid-year amendment to the Fiscal Year 2026-27 Annual Budget to transfer $642,659 to the Cole Grade Road Pipeline Replacement Phase 1 Project, and authorized the General Manager to negotiate and execute amendments to the Reimbursement Agreement with the County of San Diego that reduce project costs. The motion carried unanimously, 5–0.

RESOLUTION NO. 2026-39

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING A MID-YEAR AMENDMENT TO THE FISCAL YEAR 2026-27 ANNUAL BUDGET TO PROVIDE FUNDING FOR THE COLE GRADE ROAD PIPELINE REPLACEMENT PHASE 1 PROJECT

The resolution was adopted by the following roll-call vote:

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

7. Water Fund Financial Outlook and Direction on the Development of Proposed Rate Increases:

The Water Fund report and presentation reviewed historical capital investment, aging infrastructure, operating costs and alternatives for funding the Capital Improvement Program. The financial model assumed annual water sales of 12,000 acre-feet and a $20 million debt issuance

in 2029. Previously reviewed assumptions included an 8.7 percent operating revenue adjustment and a 17.6 percent pumping charge adjustment, in addition to wholesale water charges.

The materials described approximately 342 miles of water pipeline, with approximately 46 percent at least 60 years old. Approximately eight miles had been replaced during the preceding 20 years. The report identified approximately 70 deferred projects, delayed an average of 13 years, with current cost estimates approximately $120.4 million above their original estimates. Staff described increased construction costs, emergency repairs and the transfer of replacement costs to future ratepayers as consequences of continued deferral.

The presentation identified a calendar year 2027 capital funding gap of approximately $1.53 million. Alternatives compared recovering additional revenue through the Water Capital Improvement Charge or Meter Service Charge. For a three-quarter-inch meter, the full-funding alternative would add $10.50 per month for capital funding through either charge, in addition to the previously reviewed operating adjustments; a phased alternative would initially add $5.00 per month for capital funding. Under the capital-charge alternatives, the existing $5.00 monthly charge would increase to $15.50 for full funding or $10.00 under the phased approach. The presentation identified Scenarios 1 and 3 as fully funding the proposed capital program and illustrated customer bill impacts under the alternatives.

The phased approach would require project deferrals, with approximately $1.61 million in estimated additional construction costs. Staff sought direction on the desired funding level, timing and charge structure. Following Board direction, staff proposed returning with finalized proposed rates and a draft Proposition 218 notice for consideration; formal rate approval would remain subject to that process.

Discussion and Public Comments: The Board discussed replacement of aging infrastructure, the increased cost of deferring projects, and the effects of declining agricultural demand and a potentially wet year on water sales and reserves. Directors weighed the immediate effect of an increase on residential customers and customers on fixed incomes against the cost of phasing capital funding. Staff clarified the distinction between calendar-year rates and fiscal-year budgeting, the additional costs of delayed projects, and the effect of delayed implementation on reserves. The Board also discussed technology investments and potential operational efficiencies; staff explained that these improvements require upfront investment and could allow existing staff to perform additional work. Directors expressed a preference for identifying capital funding separately on the bill. No public comments were received.

Action: Atkins motioned to proceed with Scenario 2 failed for lack of a second. Upon motion by Vice President Stehly, seconded by Director Baker, the Board directed staff to use Scenario 1, which fully funded the capital program through the Water Capital Improvement Charge, in preparing proposed rates and the Proposition 218 notice for future Board consideration. The motion carried 4–1, with Directors Baker and Ness, Vice President Stehly, and President Ferro voting aye, and Director Atkins voting no. This action provided direction for the Proposition 218 process and did not adopt the proposed rates.

8. Wastewater Fund Financial Outlook and Direction on the Development of Proposed Rate Increases:

The Board took a brief recess before the presentation and then reconvened.

The Wastewater Fund report and presentation reviewed Lower Moosa Canyon and Woods Valley Ranch, with emphasis on the level and timing of capital funding for Lower Moosa. The materials

addressed infrastructure condition, operating efficiencies, completed improvements, debt obligations and proposed capital projects.

Lower Moosa Canyon Water Reclamation Facility improvements completed between 2022 and 2025 totaled approximately $1.85 million, primarily financed through loans from the Water and Woods Valley Ranch funds. Annual capital charge revenue of approximately $356,500 was below annual debt service of approximately $389,600, requiring use of capital reserves. Planned improvements included the Meadows Lift Station and treatment facility equipment. The financing illustration assumed $9.5 million in new debt over 30 years at 5 percent, with estimated annual debt service of approximately $612,000.

The presentation identified a calendar year 2027 Moosa capital funding gap of approximately $373,500. The full-funding alternative would add $12.24 per month per equivalent dwelling unit for capital funding through either the Capital Improvement Charge or Service Charge, in addition to the previously reviewed operating adjustment. Under the capital-charge alternative, the monthly charge would increase from $12.00 to $24.24 in 2027 and to $36.48 in 2028. A phased alternative would begin with a $7.20 increase for capital funding, resulting in a $19.20 capital charge in 2027, and phase adjustments over four years. The presentation identified Scenarios 1 and 3 as fully funding the proposed capital program and also described allocating increases between the two charges.

Phasing the Moosa increases would defer planned treatment facility improvements and associated debt issuance approximately two years, with an estimated $1 million in additional project costs. For Woods Valley Ranch, the materials retained the previously developed approach of additional revenue adjustments in 2027 and 2028, followed by smaller annual adjustments, to improve operating cost recovery, reserves and debt coverage. No additional adjustment to the Woods Valley Ranch Expansion Fund was proposed.

Staff sought direction on Moosa capital funding and the timing and allocation of the proposed adjustments, with proposed rate structures for both wastewater funds and a draft Proposition 218 notice to return for future Board consideration.

Discussion and Public Comments: The Board discussed Lower Moosa Canyon's aging facilities, the use of capital reserves to cover the current debt-service shortfall, and the need to fund planned treatment facility and Meadows Lift Station improvements. Staff explained that additional capital revenue would support cash reserves and debt-service coverage needed for future borrowing, and that deferring improvements would increase project costs. The Board also discussed collection-system condition and the need to assess and prioritize future improvements. Staff clarified that Scenario 1 would place the additional capital funding in the Capital Improvement Charge, with a proposed 2027 charge of $24.24 per equivalent dwelling unit per month, separate from the proposed $70.68 monthly service charge for operations. The illustrative combined bills did not include the additional water capital charge discussed under Item 7. No public comments were received.

Action: Upon motion by Vice President Stehly, seconded by Director Ness, the Board directed staff to develop proposed wastewater rate increases using Scenario 1 and its associated provisions as presented in the packet, for future Board consideration in accordance with Proposition 218. Scenario 1 provides full funding for the proposed Lower Moosa Canyon capital program through the Capital Improvement Charge. The motion passed unanimously, 5–0, with Directors Atkins, Baker, Ness, Stehly and Ferro voting aye. The action did not adopt final rates.

ORAL / WRITTEN REPORTS

9. Legislative, Regulatory, & Outreach Update:

The written update addressed state legislation affecting digital services costs, director compensation and nonfunctional turf requirements. It described a November 5 landscape workshop with Fallbrook Public Utility District and Rainbow Municipal Water District to address turf requirements, sustainable landscaping and available rebates. Federal updates addressed the District's EPA Community Grant funding request, future appropriations, proposed permitting reforms and federal legislative positions. The accompanying lobbyist report reviewed funding opportunities, Regional CropSWAP priorities, Proposition 4 implementation and preparations for the 2027 legislative session.

Oral Report and Comments: Staff explained the anticipated increase in software costs from changes to taxation of digital services and efforts to seek an exemption for water agencies. Staff noted that legislation expanding compensated meeting days for directors of larger water districts would not apply to VCMWD. Discussion of nonfunctional turf requirements addressed affected properties and use of recycled water. Staff planned to return with Administrative Code amendments and a public hearing, and announced the November 5 landscape workshop at Fallbrook Public Utility District from 9:00 to 11:30 A.M. Staff also reported that the District's EPA Community Grant appropriation remained pending and could require resubmission if not enacted before year-end, and that federal permitting reform was being monitored.

Action: The Board received the informational report. No action was taken.

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

The written summary of the October 22, 2026 SDCWA Board meeting reported actions on federal legislation, the 2027 meeting calendar, service contracts, completion of the Pipeline 3 Repair in Del Sur project and the Operations and Maintenance Center tenant improvements project. It also reported the declaration of Parcel ESC-001 as exempt surplus land, authorization to dispose of the property for no less than fair market value, and appointment of Director Jimmy Ayala as a representative to the Metropolitan Water District of Southern California Board.

Oral Report and Comments: The oral update addressed the award of the tenant-improvement construction contract for the Water Authority's new Operations and Maintenance Center in Escondido and a budget increase of nearly $17 million due to bid costs. Discussion addressed overall project cost and the anticipated sale of the existing facility to offset a portion of the expense. The update also reported the unanimous election of Vista Irrigation District representative Marty Miller as Chair of the Metropolitan Water District Board. No public comments were received.

Action: The Board received the informational report. No action was taken.

11. General Information:

General Manager Leahy highlighted the District's participation in the Valley Center High School career fair and the employee Halloween pumpkin carving and painting contest. She also reminded Directors that their District email accounts had been established and published on the District's website, and that all District communications would be sent to those accounts beginning November 6, 2026. No public comments were received.

Action: The Board received the informational update. No action was taken.

DISTRICT GENERAL COUNSEL'S REPORT

General Counsel reported that there was no report.

BOARD OF DIRECTORS' AGENDA AND AB1234 REPORTING

No AB1234 reports or requests for future agenda items were presented.

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 4:06 P.M. pursuant to the following two (2) items:

- **Government Code § 54956.9(d)(2) — Conference with Legal Counsel, Anticipated Litigation — Significant exposure to litigation:** Two potential cases.
- **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 5:22 P.M. General Counsel de Sousa that there was no reportable action.

ADJOURNMENT

Action: Upon motion by Director Ness, seconded by Director Baker; the regular meeting of the Board of Directors was adjourned at 5:23 P.M. by four (4) affirmative votes from Directors Ferro, Ness, Baker and Atkins, with Vice President Stehly absent. Board Secretary Hutchins noted that Vice president Stehly had departed at 5:18 p.m.

ATTEST:

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Coral L. Hutchins, *Board Secretary*

ATTEST:

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Enrico P. Ferro, *President*

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 24, 2026 THROUGH OCTOBER 30, 2026

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	Alpha Analytical Laboratories, Inc.	Testing	594.00
ACH	Amazon Capital Services, Inc.	Materials - IT	4,148.55
ACH	Aqua-Metric Sales Company	Materials - Field	33,363.33
ACH	Patricia Garcia	Medicare Reimbursement - 1st, 2nd, and 3rd Qtr 2(	1,808.20
ACH	Ricky Garman	Safety Boot Reimbursement	428.06
ACH	Grainger, Inc	Materials - Field	804.13
ACH	Hasa, Inc.	Materials - Field	1,799.09
ACH	Coral Hutchins	Mileage Reimbursement 09/28/26-10/26/26	127.02
ACH	Konica Minolta Premier Finance	Copier Rental 10/15/26-11/14/26	2,371.75
ACH	Pamer & Pamer LLC	Services - Pump Load From Treatment Plant	3,555.00
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date(	1,530.05
ACH	United Parcel Service, Inc.	Shipping	15.10
174066	All-American Septic Pumping & Servic	Septic Services	1,600.00
174067	Richard C. Ambler, Jr.	Truck Delivery	825.00
174068	AT&T	Services	615.27
174069	Automationdirect.com Inc.	Materials - Field	121.75
174070	Babcock Laboratories, Inc	Testing	160.00
174071	Bavco	Materials - Field	237.80
174072	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	7,581.26
174073	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	204.87
174074	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	332.34
174075	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	517.39
174076	City of Escondido	Escondido Woods Sewer Charges - October 2026	2,246.80
174077	Core & Main LP	Materials - Field	14,305.64
174078	David A Payne	Materials - Field	1,001.20
174079	DIRECTV	Dish Service 10/24/26-11/23/26	94.99
174080	Lorena Espinoza	Janitorial Service - October 2026	1,875.00
174081	GovConnection, Inc.	Equipment Maintenance Renewal	2,316.59
174082	Home Depot Credit Services	Materials - Field	610.60
174083	Nova Services	Old Castle Road Phase 2	5,883.36
174084	Occupational Health Centers of Califor	Medical Services	623.00
174085	OneSource Distributors, LLC	Materials - Field	39,808.63
174086	Pacific Pipeline Supply	Materials - Field	1,146.65
174087	Thomas Palacios	Refund Check 020986-000	554.80
174088	Priority Door Systems	Materials - Field	13,337.33
174089	Runts Trucking Inc	Materials - Field	1,499.53
174090	San Diego Gas & Electric	Gas Services - October 2026	19,941.40
174091	San Diego Gas & Electric	Electric Services	66,300.00
174092	WE Oneil	Refund Check 019566-000	956.14

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 24, 2026 THROUGH OCTOBER 30, 2026

OCTOBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
174093	White Cap, LP	Materials - Field	717.73
		TOTAL	235,959.35

Approved By: _____
General Manager

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Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 31, 2026 THROUGH NOVEMBER 06, 2026

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	Alpha Analytical Laboratories, Inc.	Testing	580.00
ACH	Leonard Brown	Safety Boot Reimbursement	271.88
ACH	Ron Burke	Safety Boot Reimbursement	282.70
ACH	Diamond Environmental Services, LP	Services	75.40
ACH	Grainger, Inc	Materials - Field	6,272.59
ACH	Hawthorne Machinery Co	Materials - Field	191.32
ACH	HD Supply Facilities Maintenance Ltd.	Materials - Field. Customer# 19969	4,593.23
ACH	International City Mgmt Association Re	Plan# 801966 MissionSquare Remittance 10/16/26	4,954.98
ACH	O'Reilly Auto Enterprises, LLC	Materials - Field	1,303.32
ACH	Palomar Termite & Pest Control	Pest Control - October 2026	90.00
ACH	Pamer & Pamer LLC	Services - Pump Load From Treatment Plant	1,580.00
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Datec	1,306.12
ACH	Blake Toth	Safety Boot Reimbursement	142.08
ACH	United Parcel Service, Inc.	Shipping	25.15
ACH	United Way of San Diego County	Account# 8497 Employee Contributions 10/16/26-1	20.00
ACH	Valley Center Municipal Water District	Employee Contributions 10/16/26-10/30/26 - Barga	584.25
ACH	VCMWD Employees Association	Employee Contributions 10/16/26-10/30/26 - Social	558.00
ACH	Jacob Villalobos	Safety Boot Reimbursement	282.70
174094	- 174099 Payroll	Payroll 10/16/26-10/3026 LSB	25,740.92
174100	All-American Septic Pumping & Servic	Septic Services	2,000.00
174101	APCD - County of San Diego	Permits	782.00
174102	Asbury Environmental Services	Hazardous Waste Removal	375.28
174103	AT&T	Services	87.86
174104	Babcock Laboratories, Inc	Testing	214.00
174105	Badger Meter Inc.	Materials - Field	211.09
174106	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	169.00
174107	CalMat Co	Materials - Field	772.58
174108	Computer & Peripherals Group, Inc.	Materials - Engineering	883.55
174109	County of San Diego	Repeater Site Rent Acct# 7019 - Palomar Mountair	956.00
174110	Ferguson Waterworks #1083	Materials - Field	4,546.40
174111	Gallade Chemical Inc.	Materials - Field	1,052.37
174112	Hach Company	Materials - Field	3,763.87
174113	HealthEquity Inc.	Employee Contributions 10/16/26-10/30/26	777.57
174114	HealthEquity Inc.	Employee Contributions 10/16/26-10/30/26 LSB	7,313.06
174115	North County Lawnmower, Inc.	Materials - Field	186.98
174116	Occupational Health Centers of Califor	Medical Services	464.00
174117	Pacific Pipeline Supply	Materials - IT	5,913.09
174118	Paddle.Com Inc	Materials - IT	360.00
174119	Polydyne Inc.	Chemicals	1,907.01
174120	Powerland Equipment Inc.	Materials - Field	43.94
174121	Roadrunner Publications, Inc	Advertising	350.00
174122	San Diego County Vector Control Prog	Mosquito & Vector Disease Control Assessment 20	1,154.86
174123	San Diego Gas & Electric	Electric Services	131,302.60
174124	Southwest Answering Service, Inc	Answering Service 10/01/26-10/28/26	677.63

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD OCTOBER 31, 2026 THROUGH NOVEMBER 06, 2026

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
174125	SWRCB	Wastewater Treatment Operator Certificate Renew	271.00
174126	Water Resources Economics LLC	Financial Assessment	505.00
174127	West Yost & Associates, Inc.	Services	2,630.25
174128	Xylem Water Solutions U.S.A. Inc	Delivery Charge	588.00
	TOTAL		219,113.63

Approved By: _____
General Manager

_____
Director of Finance & Administration

VALLEY CENTER MUNICIPAL WATER DISTRICT
ELECTRONIC DISBURSEMENTS
FOR PERIOD OCTOBER 1, 2026 THROUGH OCTOBER 31, 2026

DATE	PAYEE	DESCRIPTION	AMOUNT
BANK TRANSFERS:			
ACH:			
10/08/26	Direct Deposit	DIRECT DEP PAYROLL 09/18/26-10/02/26	242,250.28
10/09/26	IRS	P/R TAX 09/18/26-10/02/26	50,834.67
10/09/26	EDD	P/R TAX 09/18/26-10/02/26	16,533.27
10/09/26	EXPERTPAY	GARNISHMENT 09/18/26-10/02/26	780.00
10/09/26	PEBSCO/NATIONWIDE	DEFERRED COMPENSATION 09/18/26-10/02/26	18,613.02
10/09/26	CALPERS	CALPERS CONTRIBUTIONS 09/18/26-10/02/26	68,936.67
10/09/26	CALPERS	MONTHLY UNFUNDED ACCRUED LIABILITY - OCTOBER	262,380.83
10/22/26	Direct Deposit	DIRECT DEP PAYROLL 10/02/26-10/16/26	244,938.06
10/23/26	IRS	P/R TAX 10/02/26-10/16/26	51,683.35
10/23/26	EDD	P/R TAX 10/02/26-10/16/26	16,868.78
10/23/26	EXPERTPAY	GARNISHMENT 10/02/26-10/16/26	780.00
10/23/26	PEBSCO/NATIONWIDE	DEFERRED COMPENSATION 10/02/26-10/16/26	18,609.00
10/23/26	CALPERS	CALPERS CONTRIBUTIONS 10/02/26-10/16/26	68,937.27
10/23/26	EDD	2nd QTR 2026 UI & ETT	224.00
ONE TIME WIRES:			
RECURRING WIRES:			
10/09/26	SDCWA	WATER DELIVERY - AUGUST 2026	4,092,039.00
10/30/26	CAMP	TEMPORARY INVESTMENT	3,500,000.00
		TOTAL	8,654,408.20

APPROVED BY:

GENERAL MANAGER

DIRECTOR OF FINANCE

VALLEY CENTER MUNICIPAL WATER DISTRICT
Quarterly Financial Report as of September 30, 2026
25% of Budget Year

Total Revenues for the quarter ending September 30, 2026, total $18,599,065, which is 27.4% of budget. Details of revenues are as follows:

Water Sales and Pumping Revenue of $14,062,070 is currently 37.5% of budget. Water sales for the first quarter of 4,513 acre-feet, are 37.6% of budget. Water revenue historically runs between 60-65% of total in the first six months of the fiscal year.

Meter Services Charges of $2,847,648 are slightly less than budget at 23.3%.

New Connection Sales of $70,046 are running at 19.6% of budget.

Other Revenue of $411,844, is 28.7% of budget. This is slightly higher than budget due to higher sales of surplus items.

Investment Income of $232,862 running at 18.9% of budget.

There were no **Grant Proceeds** received during the first quarter.

Capacity Charges are $25,680 and is 31.3% of budget. The increase from budget is a result of being slightly higher than anticipated due to mix of meters sold.

Property Taxes and Water Availability Charges are received in December and April when taxes are generally paid.

Moosa Wastewater revenues are $614,514, or 23.6% of budget.

The combined **Woods Valley Wastewater** revenues are down as they are collected on the property tax roll and are generally received in December and April.

Total Expenditures of $16,934,169 are 27.9% of budget at the end of the first quarter. More details of the expenditures are as follows:

Source of Supply is the single greatest Water Operating Expense. It includes the cost of water sold, electricity, and natural gas, the sum of which accounts for 65.3.% of the total budgeted water operating expenditures in Fiscal Year 2026-27. Source of Supply of $11,468,462 is 33.2% of budget at the end of the first quarter due to increased water deliveries.

General Administration costs are 26.6% of budget, at $371,908. The slight increase is a result of higher labor and benefits, special department expenses, and LAFCO expense which was fully paid for in July.

Information Technology expenses of $297,370 right on budget at 24.3%.

Finance expenses, excluding debt service, are running below budget at $706,229, or 21.0% of the 2026-27 fiscal budget. Lower labor and benefits, professional outside services, and the write-off of uncollectible accounts (not realized until the end of the fiscal year), offset by slightly higher insurance expense are the reasons for the reduction.

Engineering expenses are below budget, running at 20.7%, or $561,920. This is a result of lower labor and benefits, training, outside professional services, legal fees and special department expenses.

Operations and Facilities expenses are $1,984,734, or 20.7% of budget. This is down due to a decrease in labor and benefits, training, outside professional services, maintenance expenses, regulatory permits and fees, chemical costs, and special department expenses.

Moosa operating expenses, excluding debt service-interest expense, are 14.8% of budget, or $281,339. The reduction is due to lower labor and benefits, outside professional services, regulatory permits and fees, maintenance expenses, utility costs, and insurance expense that is allocated at the end of the year.

Woods Valley Ranch combined operating expenses, excluding debt service-interest expense, are 11.4% of the combined operating budget numbers. Lower labor and benefits, outside professional services, utilities, maintenance expenses, regulatory permits and fees, and chemical costs are the reason for the decrease from budget at this point in the fiscal year.

Capital Project Appropriations in the General Fund for the fiscal year 2026-27 were not budgeted. The $329,953 in appropriations represents expenditures for continuing projects appropriated in the prior fiscal year.

At Lower Moosa, there was one capital project budgeted, RAS Flow Meter at $16,000. The $39,516 in appropriations represent expenditures for continuing projects appropriated in the prior fiscal year.

At Woods Valley, combined, there was one capital project budgeted, Influent Sewage Pumps at $27,000. The $38,635 in appropriations represents expenditures for continuing projects appropriated in the prior fiscal year.

VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED SEPTEMBER 30, 2026
25% OF BUDGET YEAR

	2026-2027 Adopted Budget	Actual for the period ended 9/30/2026	Percent of Budget
REVENUES:			
Water Sales	12,000 A.F.	4,513 A.F.	37.6%
General Fund:			
Operating Revenues:			
Water Sales (including pumping)	37,530,000	14,062,070	37.5%
Meter Service Charges	12,225,000	2,847,648	23.3%
New Connection Sales	357,800	70,046	19.6%
Other Revenue	1,435,620	411,844	28.7%
Investment Income	1,230,000	232,862	18.9%
Total Operating Revenue	52,778,420	17,624,470	33.4%
Debt Service Revenues - Water Availability Charges	127,593	0	0.0%
Capital Project Revenues:			
Grant Proceeds	3,775,000	0	0.0%
Capacity Charges	82,000	25,680	31.3%
Capital Improvement Charges	729,000	182,244	25.0%
Property Taxes	3,889,000	90,923	2.3%
Water Availability Charges	430,407	0	0.0%
Total Capital Project Revenue	8,905,407	298,847	3.4%
Total General Fund Revenues	61,811,420	17,923,317	29.0%
Moosa Wastewater Revenues	2,604,244	614,514	23.6%
Woods Valley Ranch Wastewater Revenues	2,057,940	36,916	1.8%
Woods Valley Ranch Expansion	1,506,254	24,319	1.6%
Total Revenues	**67,979,858**	**18,599,065**	**27.4%**
EXPENDITURES:			
General Fund:			
Operating Expenses:			
General Administration	1,397,889	371,908	26.6%
Information Technology	1,224,227	297,370	24.3%
Finance	3,357,461	706,229	21.0%
Engineering	2,713,147	561,920	20.7%
Operations & Facilities	9,576,205	1,984,734	20.7%
Source of Supply	34,570,275	11,468,462	33.2%
Total Operating Expenses	52,839,204	15,390,623	29.1%
Debt Service - Interest Expense	127,593	0	0.0%
Depreciation Expense	3,883,000	970,750	25.0%
Total General Fund Expenditures	56,849,797	16,361,373	28.8%
Moosa Wastewater:			
Operating Expenses	1,895,816	281,339	14.8%
Debt Service - Interest Expense	58,753	6,357	10.8%
Capital Project Appropriations	16,000	39,516	247.0%
Total Moosa Expenditures	1,970,569	327,212	16.6%
Woods Valley Ranch Wastewater:			
Operating Expenses	1,509,312	177,232	11.7%
Capital Project Appropriations	27,000	38,635	143.1%
Total Woods Valley Ranch Expenditures	1,536,312	215,867	14.1%
Woods Valley Ranch Expansion:			
Operating Expenses	80,000	3,852	4.8%
Debt Service - Interest Expense	328,266	25,866	7.9%
Capital Project Appropriations	0	0	0.0%
Total Woods Valley Ranch Expenditures	408,266	29,718	7.3%
Total Expenditures	**60,764,944**	**16,934,169**	**27.9%**
NET REVENUES & EXPENDITURES	**7,214,914**	**1,664,896**	**23.1%**

November 2, 2026

TO: **Honorable President and Board of Directors**

FROM: **Lindsay Leahy, General Manager**

SUBJECT: **AMEND THE ADMINISTRATIVE CODE TO REFLECT THE ADDITION OF OPERATING RESERVE BUDGET POLICIES FOR LOWER MOOSA CANYON AND WOODS VALLEY RANCH WATER RECLAMATION FACILITIES**

PURPOSE:

To amend the Administrative Code Section 50.2(a)2 for updated Operating Reserve Budget Policies for Lower Moosa Canyon and Woods Valley Ranch Water Reclamation Facilities.

SUMMARY

At the Board meeting of August 17, 2026, the District's consultant, Water Resources Economics, provided a review of the comprehensive financial analysis and resulting rate model that was completed for the District's Water Fund and two Wastewater Funds. As part of the analysis, a review of the District's Budget Policies, which include water and wastewater fund reserve policies, was completed. This review identified that the District had not established formal operating reserve targets for either Lower Moosa Canyon or Woods Valley Ranch Wastewater Funds.

Following the presentation, the Board directed staff to develop operating reserve policies and associated funding targets for both wastewater funds.

The proposed policies, as reflected in the attached copy of the Administrative Code, is structured to fund at minimum three months of budgeted operations and maintenance expenses, with a target reserve of six months of budgeted operations and maintenance expenses for each of the wastewater funds. These reserves will be funded from excess operating revenues from service charge earnings not reserved for other purposes.

RECOMMENDATION:

Adopt Ordinance 2026-15 amending the Administrative Code to reflect the addition of Operating Reserve Budget Policies for Lower Moosa Canyon and Woods Valley Ranch Water Reclamation Facilities.

PREPARED BY:

James V. Pugh
Director of Finance & Administration

SUBMITTED BY:

Lindsay Leahy
General Manager

ORDINANCE NO. 2026-15

ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL WATER DISTRICT AMENDING THE ADMINISTRATIVE CODE SECTION 50.2(a) BUDGET POLICIES - RESERVES

WHEREAS, the District desires to amend the Operating Reserve Policy to establish policy targets for the Lower Moosa Canyon Water Reclamation Facility and Woods Valley Ranch Water Reclamation Facility;

BE IT ORDAINED by the Board of Directors of the VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. The above Recital is true and correct and is made findings and determinations of the Board of Directors.

2. The District's Administrative Code, Article 50 shall be and is amended, as set forth in Exhibit A, attached hereto.

3. The Administrative Code changes shall become effective upon approval of the Board of Directors.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Valley Center Municipal Water District held on the 2nd day of November 2026, by the following vote, to wit:

_____

Enrico P. Ferro, *Board President*

ATTEST:

_____

Coral Hutchins, *Board Secretary*

Article 50 Finance Policies

Sec. 50.2 Budget Policies. The following policies shall be followed both in preparing the annual budget and during the course of financial operations of the District.

(a) Reserves. Reserves are to be established and used as follows. Reserves may carry negative balances if it is probable that the deficits will be recovered within a reasonable time.

Reserves funds will not earn interest unless noted below.

The disposition of funds collected in excess of limits shown is at the discretion of the Board of Directors.

All reserves have specific funding sources except for the Operating and Capital Improvement Reserves which will be funded in the order presented from accumulated net earnings.

1. Rate Stabilization Reserves:

A. Water Rate Stabilization Reserve: The District component of sales in excess of budgeted water sales and revenue collected for fixed charges in excess of those fixed expenses incurred shall be placed in a rate stabilization reserve to fill any deficit resulting from the water sales volume falling below projected budget figures. It could also be used to defer future increases in the District's component of the water commodity rate and fixed wholesale charges. Fixed wholesale charges include the Metropolitan Water District's Capacity Reservation Charge and the San Diego County Water Authority's Customer Service Charge and Emergency Storage Project Charge. The reserve shall be limited to no more than 50% of the District component of budgeted water sales and fixed wholesale charges.

B. Pumping Rate Stabilization Reserve: Pumping revenues in excess of the cost of electrical and natural gas power, the cost of the operation and maintenance of all pumping facilities, and the cost of pumping facility capital projects shall be placed in this reserve to defer future increases in the pumping charge rates. The reserve shall be limited to no more than 50% of budgeted pump charge revenues.

Sec. 50.2 Budget Policies (Cont'd.)

(a) Reserves (Cont'd.)

2. Operating Reserve:

A reserve shall be established for the asset categories listed below to ~~provide~~ ensure the District maintains sufficient liquidity. The reserve may be utilized to mitigate significant declines in District revenues due to funding for emergencies and natural disasters, such as fire, earthquake, flooding, etc. or other unforeseen significant operational issues, such as under projected revenues or business cost increases. ~~This~~These reserves need not be funded in the budget.

(1) General Fund
(2) Lower Moosa Canyon Water Reclamation Facility
(3) Woods Valley Ranch Water Reclamation Facility

For the General Fund, ~~T~~the Operating Reserves and the Rate Stabilization Reserves together are considered to be discretionary reserves, unrestricted or uncommitted reserves not anticipated to be used in the current fiscal year. The District shall endeavor to maintain these discretionary reserves at a minimum three and a ~~maximum~~ target of six months operations and maintenance budget (excluding wholesale water and power purchases). ~~for the General Fund Operating Reserve).~~

The District shall endeavor to maintain at a minimum three and a ~~maximum~~ target of six months operations and maintenance budget for each of the wastewater funds, the Lower Moosa Canyon Water Reclamation Facility and the Woods Valley Ranch Water Reclamation Facility. These reserves are not anticipated to be used in the current fiscal year.

3. Restricted Reserves:

A. Debt Service Reserve: This reserve includes debt service taxes collected but not yet payable to debt holders, reserves required by debt agreements, and unexpended proceeds from debt issues, and will be used to fulfill debt requirements in accordance with debt covenants. This reserve shall earn interest in accordance with state statute.

B. Replacement Reserves: Reserves for the following asset categories shall be established.

(1) Lower Moosa Canyon Water Reclamation Facility
(2) Woods Valley Ranch Water Reclamation Facility
(3) Woods Valley Ranch Low Pressure Sewer System
(4) Lower Moosa Canyon Water Reclamation Facility Low Pressure Sewer System

Each reserve shall receive an annual budget appropriation based on a percentage of the current annual depreciation of the asset category as determined from the estimated current replacement cost, service life and age of facility. Proceeds from the sale of these assets shall be credited to these reserves. The "Buy-In" component of the capacity

charges for the asset category shall be credited to these reserves. This reserve shall earn interest in accordance with state statute.

November 16, 2026

TO: **Honorable President and Board of Directors**

FROM: **Lindsay Leahy, General Manager**

SUBJECT: **REVIEW AND APPROVAL OF NOTICE OF PUBLIC HEARING FOR PROPOSED CHANGES TO WATER AND WASTEWATER RATES EFFECTIVE FEBRUARY 1, 2027**

PURPOSE:

To review proposed increases which reflect a pass through of the wholesale price of water from the San Diego County Water Authority (CWA), Metropolitan Water District (MWD), and San Diego Gas & Electric, as well as an adjustment to the local commodity portion to offset increases in operational costs. The rates proposed here and a draft Notice of Public Hearing ("Notice"), attached, to be held on February 1, 2027, will be mailed to all property owners of record and any tenant directly responsible for the payment of water/wastewater service fees in the District in accordance with Proposition 218. These rates and charges are the same on which the Fiscal Year 2026-2027 Budget was based and utilized in the Comprehensive Financial Analysis and Rate Model development.

BACKGROUND

From May through November 2026, the Board has reviewed the District's financial outlook, operating and capital budgets, and proposed water and wastewater rate adjustments. These discussions have included the need to maintain adequate reserves, recover increasing wholesale water and operating costs, and establish a sustainable funding source for the replacement of aging infrastructure, both in the water and wastewater funds.

Culmination of the presentations, discussions, analysis, and ultimate direction to staff by the Board in the development of rates and charges for 2027 is presented here in the remainder of this report and the attached draft 218 Notice of Public Hearing. Please see the attached Prop 218 Notice for rate tables.

SUMMARY:

1. Water Rates

In January 2027, aggregate wholesale costs from CWA and MWD will increase $70.61 per acre foot ($0.1621/hcf[a]), or 2.4%, for domestic water sales and $53.94 per acre foot (0.1238/hcf), or 2.6%, for Permanent Special Agricultural Water Rate (PSAWR) sales. The District's local cost component of the water rate is proposed to be $349.11 per acre foot. This represents an increase of 8.7% over the current rate of $321.17. These increases, which are based upon final action by the SDCWA, are the same that had been anticipated in the fiscal year 2026-2027 Budget.

These increases are shown in table form on the attached draft Notice of Public Hearing. Total net increases, including the District's component, are 3.0% for domestic and 3.4% for PSAWR.

Included in water charges the District is required to pay CWA in 2027 are fixed charges for Customer Service, Storage, Supply Reliability, and Transportation. The District calculates the per-acre-foot equivalent of these charges by dividing the total charges by projected water sales,

[a] One "hcf," or hundred cubic feet, is equal to 748 gallons of water.

less a 10% reserve for sales levels under budgeted amounts. For the fiscal year ending 2027 budgeted sales are 12,000-acre feet and the fixed charges totaling $5,200,480 are allocated over 10,800-acre feet.

Beginning in Calendar Year 2027, the SDCWA Board approved refined methodology for calculating the Storage Charge. Prior to January 2026 PSAWR customers were exempt from paying the full Storage Charge. The Storage Charge will now be segregated into two parts: 1) the Operating component, which all users including agricultural customers benefit from, and; 2) the component for the Emergency Storage Program (ESP) and Carryover Storage Program (CSP). PSAWR customers will be subject to the Operating component and will remain exempt from the ESP & CSP component. This refined methodology ensures that PSAWR customers pay proportionately for the operational storage benefits they receive, while maintaining their exemption from emergency and carryover storage costs.

Construction Water is billed at the Domestic/Commercial rate of $7.7136 per HCF, or $3,360.02 per Acre Foot.

2. Water Service Charge

The monthly water service charge collects a portion of fixed costs of the District that are incurred regardless of whether any water is delivered. Staff proposes increasing the monthly active meter water service charge to offset local inflation of its operating costs by 8.7%. This would increase the charge for a ¾-inch meter from $57.06 to $62.02 and a 1-inch meter from $76.09 to $82.70 per month. The charge is based on the 1-inch equivalent meter size for larger sized meters.

Staff proposes increasing the monthly fire service charge to offset local inflation of its operating costs by 8.7% to 10.2%. This would increase the charge for a ¾-inch fire service from $12.06 to $13.29 per month and a 1-inch service from $16.31 to $17.72 per month. The charge is based on the 1-inch equivalent meter size serving the parcel for larger sized meters. The increase for the ¾-inch is slightly higher to bring it in line with the 1-inch equivalent.

3. Pumping Rates

Staff proposes a 17.6% increase to the pumping rates. This is required to offset the costs passed through from San Diego Gas & Electric as well as the costs for the maintenance of pumps and motors. In Fiscal Year 2023-24 the Board approved a 5-year plan to close the gap between Pumping Charge Revenues and Total Pumping Costs. The ultimate goal is that the Pumping Charge Revenues be sufficient to cover the Total Pumping Costs.

4. SDCWA Infrastructure Access Charge

Annually the SDCWA assesses the District a fixed charge based on the number and size of the active meters within the District. The annual charge to the District is divided into monthly charges passed through and collected each month from active customers. The new charge for a ¾-inch meter will be $4.41, up $0.17 or 4.0% from last year's charge of $4.24.

5. MWD Fixed Charge

The Metropolitan Water District (MWD) has two fixed charges, the Capacity Reservation and Readiness-to-Serve charge that are passed directly through to the District from the SDCWA totaling $918,236. The VCMWD Board approved the MWD Fixed Charge that went into effect in January 2025. The MWD Fixed Charge is based on the meter size serving the parcel. **No change is proposed to the current rates at this time.**

6. Proposed SDCWA Fixed Transportation Charge

The San Diego County Water Authority (SDCWA) has several fixed charges that are passed directly through to the District. One of these fixed charges, the Transportation Charge which totals $2,535,988 for calendar 2027, was approved by the VCMWD Board to be covered with a fixed charge, the SDCWA Fixed Transportation Charge, that went into effect in January 2026. The VCMWD Board proposed this fixed charge to be phased in over a three-year period that will ultimately cover the full cost of the Fixed Transportation Charge from SDCWA. The fixed charge is based on the customers' active meter size serving the parcel and is proposed to increase 153.7% over the current years rates. This is the second year of the three-year phase-in. The balance will continue to be included in the variable wholesale rate until year 3 when ultimately the Total Transportation Charge will be collected with the monthly Fixed Transportation Charge Passthrough on the customer water bills.

7. Water Capital Improvement Charge

The Water 2020 Master Plan Update encompasses a 20-year capital improvement planning horizon. A proposed $91.1M, five to ten-year, multi-phased capital improvement program was recommended that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies. Given the reduction in water sales over the past several years, funding that was normally available for capital improvements has been diverted to operational expenses. This has occurred to such an extent that there has not been sufficient funding to carry out the capital improvement program that was laid out in the Water 2020 Master Plan Update at the rate needed to keep up with the District's aging infrastructure. It was determined that initial funding for these projects would be from capital replacement reserves and short and long-term low interest rate loans with repayment from a combination of the current net revenues and the Water Capital Improvement Charge that went into effect on January 1, 2026. The recent Water and Wastewater Financial Outlook and Rate Strategy Study completed by Water Resources Economics identifies an estimated $1.5 million annual finding gap for the Capital Improvement Program beginning in fiscal year 2027-28. The proposed Water Capital Improvement Charge adjustment is intended to recover this additional revenue and support ongoing infrastructure replacement.

8. Backflow Annual Inspection Fee

The District has a very active and comprehensive Backflow Prevention Program that it administers and implements in-house to comply with Title 17 of the California Code of Regulations. There are currently 7,000 plus backflows that are tested annually at a current annual cost of $51.00 for water meter backflows and $34.00 for fire meter backflows. The inspection fee, which is billed monthly in 12 equal charges, was last revised on May 3, 2021. Staff is proposing a 6.0% increase effective February 1, 2027.

9. Construction Water Permit Fee

With the proposed water and pumping rate increases, the construction water permit fees will change accordingly.

Used Via a Water Truck with a Capacity of:	Fees	
	Current	New
2,500 gallons or less	$465.00	$490.00
3,000 gallons	$560.00	$590.00
3,500 gallons	$650.00	$685.00
4,000 gallons	$745.00	$785.00
5,000 gallons or more	$930.00	$980.00

10. Wastewater Monthly Service Charges

Moosa Wastewater

Staff proposes the Moosa Reclamation Facility monthly service fee be increased by $2.58, or 3.8%, per equivalent dwelling unit (EDU), from $68.10 to $70.68 to offset inflationary impacts.

The low-pressure wastewater collection system maintenance fee is also recommended to increase 3.8%. The fee is currently $58.87 and is proposed to increase $2.23 for a new rate of $61.08 per EDU per month to offset inflation impacts.

Certain property owners in the Lower Moosa Canyon service area have paid for and reserved wastewater capacity but have not connected to the District's system. In lieu of the Monthly Service Charge, each of these property owners has entered into an agreement with the District to pay a monthly wastewater capacity reservation fee for their proportionate share of the ongoing costs of operating and maintaining the system.

Moosa Capital Improvement Charge

The Lower Moosa Canyon Water Reclamation Facility 2023 Master Plan Update encompasses a 20-year capital improvement planning horizon. A $10.7M, five to ten-year, multi-phased capital improvement program was adopted that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies to accommodate changes in the waste stream characteristics and flow. Funding for these projects comes from capital replacement reserves and short- and long-term low interest rate loans with repayment from a combination of the current net wastewater revenues and the Moosa Capital Improvement Charge which went into effect on January 3, 2024. The charge is per EDU and is billed on the monthly wastewater bill. An EDU is the flow equivalent of a single-family residential unit. Commercial properties are assigned multiple EDUs depending on the size and type of business. The recent Water and Wastewater Financial Outlook and Rate Strategy Study completed by Water Resources Economics has shown that the current Capital Improvement Charge is not sufficient to cover the required future capital expenses, maintain positive fund balances, or to meet reserve and debt coverage policy requirements. To meet these requirements staff is proposing an increase of $12.24 to the current monthly rate bringing it to $24.24 per EDU per month.

Woods Valley Ranch Wastewater

Sewer service charges and sewer standby fees for properties not yet connected to the sewer system are collected as a fixed charge on the property tax roll. Changes proposed for effective date of July 1, 2027, are $125.20 per month, or $1,502.40 per year compared to the current fee of $113.85, or $1,366.20 per year. The Standby Fee is $45.86 per month, or $550.32 per year, with no change proposed at this time.

The grinder pump maintenance charge is normally collected as a fixed charge on the property tax roll. However, mid-year connections may occur which will result in the collection of the charge on the monthly water bill until the end of the fiscal year. Changes proposed for effective date of July 1, 2027, are $64.75 per month, or $777.00 per year compared to the current fee of $58.87 per month, or $706.44 per year.

Wastewater Excess Usage Charge Woods Valley Ranch Service Area

When wastewater usage exceeds the wastewater EDU capacity allocation, a Wastewater Excess Usage Charge is added to the property's water bill based on the amount of excess wastewater discharged.

The Wastewater Excess Usage Charge, on commercial properties, provides a means to recover capital, service and administration costs associated with wastewater usage in excess of a property's wastewater capacity allocation. The charge is billed to the commercial customer on their monthly water bill and should be sufficient to recover all costs associated with providing wastewater service. The allotted wastewater flow is calculated at 175 gallons per day per EDU, or 5,250 gallons per month per EDU, which equates to a wastewater flow per EDU of 7.0 hundred cubic feet per month. Any wastewater discharged greater than 7.0 HCF times the number of EDU's allocated to the property would be charged at the Wastewater Excess Usage Charges as shown in the table on the attached 218 Notice. **No change is proposed to the current rates at this time.**

RECOMMENDATION:

Approve and direct staff to mail the attached Notice of Public Hearing which will provide for amendments to the Administrative Code to increase rates and charges as provided in the Notice.

PREPARED BY:

James V. Pugh
Director of Finance & Administration

APPROVED BY:

Lindsay Leahy
General Manager

NOTICE OF PUBLIC HEARING

Water and Wastewater Service Fees
Concerning Proposed Rate Increases for Valley Center Municipal Water District

NOTICE IS HERBY GIVEN THAT the Board of Directors of the Valley Center Municipal Water District ("District") will conduct a **Public Hearing** on February 1, 2027, at 2:00 p.m., in the Board Room of the District Headquarters located at 29300 Valley Center Road, Valley Center, California 92082, to consider adopting increases in the rates for its water and wastewater service fees to account for increased costs of providing water and wastewater service, effective February 1, 2027.

The VCMWD Board of Directors welcomes the public to its Board Room while accommodating virtual observation options as a convenience to the public. Additionally, Board Meetings continue to be livestreamed for those who wish to observe remotely. ***Please note that in the event of technical issues that disrupt the meeting livestream or receipt of public comments by phone or email, the meeting will continue.***

For further information, including instructions for members of the public who wish to address the Board of Directors, please visit the District's website at http://www.vcmwd.org/, and review the agenda for the Public Hearing, which will be published at least 72 hours before the time and date of the Public Hearing on the District's website.

REASONS FOR THE PROPOSED RATE AND CHARGE INCREASES

The District is dedicated to providing exceptional water and wastewater services at the lowest possible cost while protecting the water resources and public health of our unique community. While the District continually strives for cost reductions and better utilization of the assets it holds, it also needs to keep pace with inflation and other cost increases, including, among others, the cost to operate, maintain and upgrade its water and wastewater systems, to purchase power and water and to comply with regulations governing the distribution of water and treatment and disposal of wastewater. More details supporting the reasons for the increased water service fees are included in the District's Fiscal Year 2026-2027 Annual Budget, adopted by the Board on July 6, 2026, and the Water and Wastewater Financial Outlook and Rate Strategy Study completed by Water Resources Economics in October 2026. The study outlined additional revenue requirements above budget assumptions due to current revenues not being sufficient to cover future expenses nor to meet reserve or debt coverage policies.

More specifically, the District indirectly purchases imported water from Metropolitan Water District through the San Diego County Water Authority ("SDCWA") system and water directly from the SDCWA through the same system. Purchased water comes from three sources: the Colorado River via the Colorado River Aqueduct, Northern California via the California Aqueduct, and the Carlsbad Seawater Desalination Facility, via the SDCWA. Beginning January 1, 2027, MWD and SDCWA will be increasing the cost of wholesale water that it delivers to the District, and the District's rates must account for these cost increases. Further, the cost of purchasing power from the San Diego Gas & Electric company ("SDG&E") is increasing, which must be accounted for in the District's rates.

With respect to wastewater service fees, wastewater treatment and disposal activities and systems are impacted by cost increases to chemicals, purchased power, labor, maintenance and upgrades which will impact wastewater service fees.

CURRENT PROPOSED WATER RATE AND CHARGE INCREASES

The District's rate structure for water service fees has two customer classes: Domestic/Commercial and Permanent Special Agricultural Water Rate (PSAWR) customers. The rates for the District's water service fees are comprised of seven components: (1) a fixed monthly charge(s) (the "Water Service Charge" and/or "Fire Service Charge") for Active Meters; (2) a volumetric water consumption charge (the "Wholesale" or "Commodity Charge"); (3) a pumping charge (the "Pumping Charge"); (4) a SDCWA Infrastructure Access Charge ("IAC"), which is a direct pass-through of rates adopted by the SDCWA; (5) a monthly MWD Fixed Charge, which is a direct pass-through from the SDCWA of the MWD wholesale fixed charges for the Capacity Reservation and Readiness-to-Serve Charge adopted by the MWD; (6) a monthly SDCWA Fixed Transportation Charge, which is a direct pass-through of two-thirds of the SDCWA Fixed Transportation Charge, and (7) a monthly Water Capital Improvement Charge for active meters based on the meter size serving the property.

The rates for the fixed monthly Water Service Charge are established on the basis of the meter size for the property receiving water service and are calculated to recover a significant portion of the District's fixed costs, such as water facilities repairs and replacements, meter reading, billing, and customer service. The rates for the variable Wholesale or Commodity Charge are based on the number of units of water delivered to a property, and are designed to recover the District's wholesale water purchase costs ("SDCWA Costs"), as well as certain costs that are fixed in nature but relate to the amount of water used, including certain labor and benefits, materials, vehicle and equipment maintenance, etc. ("VCMWD Commodity Costs").

One unit of water equals one hundred cubic feet ("HCF"), or 748 gallons. These rates reflect the cost of building and maintaining water infrastructure, purchasing water from SDCWA, and managing the District's water resources.

Certain properties are located at higher elevations and are subject to a Pumping Charge. The Pumping Charge is determined on the basis of the amount of energy needed to pump water (based on feet of lift to pump the water) in certain identified pump zones within the District's water service area. Your bill will identify which pump zone your property is in if your property lies in a pump zone. The charges are determined on a per unit basis. The IAC is a fixed charge that is established based on the size of the customer's meter and is imposed on the District by SDCWA and passed through to our customers. The MWD Fixed Charge is established based on the size of the customer's meter and is imposed on the District by MWD and passed through to our customers. The SDCWA Fixed Transportation Charge is established based on the size of the customer's meter and is imposed on the District by the SDCWA and passed through to our customers. The Water Capital Improvement Charge is established based on the size of the customer's meter.

Together, the seven components are calculated to recover the proportionate cost of providing water service attributable to parcels within each customer class. The current and proposed rate increases are described in the tables below. The District is proposing to increase the rates for the Water Service Charge, Wholesale or Commodity Charge, SDCWA Infrastructure Access Charge, Pumping Charge, Fire Service Charge, the SDCWA Fixed Transportation Charge, and the Water Capital Improvement Charge at this time. If approved, the proposed rate increases will be effective for services provided on and after February 1, 2027.

Current and Proposed Water Service Charge ($/Meter Size)

Meter Size	Current	Effective Feb. 1, 2027
3/4 inch	$57.06	$62.02
1 inch	$76.09	$82.70
1-1/2 inch	$114.13	$124.05
2 inch	$152.18	$165.40
3 inch	$228.27	$248.10
4 inch	$304.36	$330.80
6 inch	$456.54	$496.20
8 inch	$608.72	$661.60
Additional Unit	$1.00	$0.00

Current and Proposed Water Wholesale/Commodity Charge Rates ($/HCF)

Customer Class	Costs	Current	Effective Feb. 1, 2027
Domestic/Commercial *	MWD/SDCWA Wholesale	$6.7500	$6.9121
	VCMWD Commodity	$0.7373	$0.8015
	Total	**$7.4873**	**$7.7136**
PSAWR:	MWD/SDCWA Wholesale	$4.7975	$4.9213
	VCMWD Commodity	$0.7373	$0.8015
	Total	**$5.5348**	**$5.7228**

* Also referred to as "Municipal/Industrial"

Construction Water: Potable construction water is billed at the proposed Domestic/Commercial rate of $7.7136 per HCF.

Current SDCWA IAC Rates

Meter Size	Current	Effective Feb. 1, 2027
3/4 inch	$4.55	$4.87
1 inch	$7.28	$7.79
1-1/2 inch	$13.65	$14.61
2 inch	$23.66	$25.32
3 inch	$43.68	$46.75
4 inch	$74.62	$79.87
6 inch	$136.50	$146.10
8 inch	$236.60	$253.24

Current and Proposed Pumping Zone Rates

Zone	Current $/Unit	Effective Feb. 1, 2027
1	$0.19485	$0.22914
2	$0.38961	$0.45818
3	$0.43223	$0.50830
4	$0.64550	$0.75911
5	$0.94677	$1.11340
6	$1.05611	$1.24199
7	$1.11999	$1.31711
8	$1.26938	$1.49279
9	$1.31478	$1.54618
10	$1.74142	$2.04791

In addition to the water service charges described above, the District also imposes a fixed monthly Fire Service Charge on certain properties as a condition of extending or initiating water service by (1) the installation of a private fire suppression system, and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of fire service protection. The rates for the monthly fire service charge are established on the basis of the size of the meter through which water is delivered and is calculated to recover the cost of providing water to such properties for private fire service protection. The current and proposed rates are set forth in the following table.

Current and Proposed Fire Service Charge Rates ($/Meter Size)

Meter Size	Current	Effective Feb. 1, 2027
3/4 inch	$12.06	$13.29
1 inch	$16.31	$17.72
1-1/2 inch	$24.46	$26.58
2 inch	$32.62	$35.44
3 inch	$48.93	$53.16

MWD FIXED CHARGE

The Metropolitan Water District (MWD) has two fixed charges, the Capacity Reservation and Readiness-to-Serve charge that are passed through to the District from the SDCWA totaling $918,229. The VCMWD Board approved the MWD Fixed Charge that went into effect in January 2025. The MWD Fixed Charge is based on the meter size serving the parcel. **No change to this charge is proposed for Calendar Year 2027.**

Current MWD Fixed Charge ($/Meter Size)

Meter Size	Feb. 1, 2027
3/4 inch	$7.50
1 inch	$10.00
1-1/2 inch	$15.00
2 inch	$20.00
3 inch	$30.00
4 inch	$40.00
6 inch	$60.00
8 inch	$80.00

SDCWA FIXED TRANSPORTATION CHARGE

The San Diego County Water Authority (SDCWA) has several fixed charges, including the Transportation Charge, that are passed directly through to the District. The Transportation Charge totals $2,534,987 for calendar 2027. The VCMWD Board approved the SDCWA Fixed Transportation Charge that went into effect in January 2026. The rate was approved to be phased in over a three-year period that will ultimately cover the full cost of the Fixed Transportation Charge from SDCWA. This will be the second year of the three-year phase in. The fixed charge is billed based on the customers' meter size serving the parcel. The balance will continue to be included in the variable wholesale rate until year 3 when ultimately the Total Transportation Charge will be collected with the monthly Fixed Transportation Charge Passthrough on the customer water bills.

Current and Proposed Fixed Transportation Charge ($/Meter Size)

Meter Size	Current	Effective Feb. 1, 2027
3/4 inch	$4.75	$12.05
1 inch	$6.34	$16.08
1-1/2 inch	$9.51	$24.12
2 inch	$12.68	$32.16
3 inch	$19.02	$48.25
4 inch	$25.36	$64.33
6 inch	$38.04	$96.50
8 inch	$50.72	$128.67

WATER CAPITAL IMPROVEMENT CHARGE

The Water 2020 Master Plan Update encompasses a 20-year capital improvement planning horizon. A proposed $91.1M, five to ten-year, multi-phased capital improvement program was recommended that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies. Given the reduction in water sales over the past several years, funding that was normally available for capital improvements has been diverted to operational expenses. This has occurred to such an extent that there has not been sufficient funding to carry out the capital improvement program that was laid out in the Water 2020 Master Plan Update at the rate needed to keep up with the District's aging infrastructure. It was determined that initial funding for these projects would be from capital replacement reserves and short and long-term low interest rate loans with repayment from a combination of the current net revenues and the Water Capital Improvement Charge that went into effect on January 1, 2026. The recent Water and Wastewater Financial Outlook and Rate Strategy Study completed by Water Resources Economics identifies an estimated $1.5 million annual finding gap for the Capital Improvement Program beginning in fiscal year 2027-28. The proposed Water Capital Improvement Charge adjustment is intended to recover this additional revenue and support ongoing infrastructure replacement.

Proposed Water Capital Improvement Charge ($/Meter Size)

Meter Size	Current	Effective Feb. 1, 2027
3/4 inch	$5.00	$15.50
1 inch	$6.67	$20.67
1-1/2 inch	$10.00	$31.00
2 inch	$13.34	$41.35
3 inch	$20.00	$62.00
4 inch	$26.67	$82.67
6 inch	$40.00	$124.00
8 inch	$53.35	$165.38

BACKFLOW ANNUAL INSPECTION CHARGE

The State Health Department requires the District to comply with Title 17 of the California Administrative Code to have a Backflow Prevention Program. The District, since 1978, has had an active on-going cross connection control program through field inspections, file audits and a questionnaire filled out when service is initiated or transferred. At the time of installation, inspection and testing by District personnel will be required. All devices will be inspected annually and repaired as necessary by the District and charged to the customer accordingly. The annual inspection fee is an annual charge that is billed monthly. The current and proposed rates are set forth in the following table.

Proposed Backflow Annual Inspection Charge

Meter Service Type	Current	Effective Feb. 1, 2027
Water	$51.00	$54.00
Fire	$34.00	$36.00

CURRENT PROPOSED WASTEWATER SERVICE RATE INCREASES

The rates for the District's monthly wastewater service charges are structured to recover the cost to collect, treat, and dispose of sanitary sewage. Because of differences in the cost of providing wastewater service, the District has two different wastewater service areas—Lower Moosa Canyon and Woods Valley Ranch. The rates within each service area for the monthly wastewater service charge (the "Monthly Service Charge") are determined on an equivalent dwelling unit ("EDU") basis. EDU is a term used to compare the flows from non-residential and multi-family units in relation to flows generated by a single-family residential unit. A single-family residential unit is assigned one EDU. The number of EDU's assigned to an account is therefore based on the estimated sewer flow generated by that account. A monthly fee is also imposed on certain areas of the District that have been identified to be served by Low Pressure Wastewater Collection Systems ("LPCS Charge") or a Grinder Pump Maintenance Charge ("GPMC"). The LPCS Wastewater Service Charge and GPMC are structured to recover the cost to maintain, repair, and ultimately replace the Septic Tank Effluent Pump (STEP) system and pumps. (Please refer to your most recent wastewater bill to determine your service area and whether you are subject to the LPCS Wastewater Service Charge). The current and proposed rates for wastewater service charges and capacity reservation fee are set forth in the table below.

Current and Proposed Wastewater Service Charge Rates ($/EDU)

Lower Moosa Canyon Service Area	Current	Effective Feb. 1, 2027
Monthly Moosa - Service Charge	$68.10	$70.68
Monthly Moosa - Pressure [1]	$58.85	$61.08
Capacity Reservation Fee [2]	$34.05	$35.34

Woods Valley Ranch Service Area	Current	Effective Jul. 1, 2027
Monthly Service Charge [3]	$113.85	$125.20
Mid-Year Sewer Service Charge [4]	$67.99	$79.34
Grinder Pump Maintenance [4, 5]	$58.87	$64.75

1 Not all Wastewater Accounts are LPCS Accounts.

2 50% of Monthly Service Charge, pursuant to customer agreements.

3 The Monthly Service Charge in the Woods Valley Ranch service area is collected on each property owner's property tax bill on an annual basis.

4 Mid-Year Service Connection Charges are collected on the water meter bill until the end of the fiscal year, after which time the charges shall be levied on the property owner's property tax bill on an annual basis.

5 The Woods Valley Ranch Grinder Pump Maintenance Charge is collected on each property owner's tax bill on an annual basis.

LOWER MOOSA CANYON WATER RECLAMATION FACILITY CAPITAL IMPROVEMENT CHARGE

The Lower Moosa Canyon Water Reclamation Facility 2023 Master Plan Update encompasses a 20-year capital improvement planning horizon. A $10.7M, five to ten-year, multi-phased capital improvement program was adopted that included replacement projects needed to extend the service life of the existing facilities, provide greater operational redundancy, and enhance reliability and operation efficiencies to accommodate changes in the waste stream characteristics and flow. Funding for these projects comes from capital replacement reserves and short- and long-term low interest rate loans with repayment from a combination of the current net wastewater revenues and the Moosa Capital Improvement Charge which went into effect on January 3, 2024. The recent Water and Wastewater Financial Outlook and Rate Strategy Study completed by Water Resources Economics has shown that the current Capital Improvement Charge is not sufficient to cover the required future capital expenses, maintain positive fund balances, or to meet reserve and debt coverage policy requirements. The charge is per EDU and is billed on the monthly wastewater bill. An EDU is the flow equivalent of a single-family residential unit. Commercial properties are assigned multiple EDUs depending on the size and type of business.

Proposed Moosa Capital Improvement Charge ($/EDU)

Current	Effective Feb. 1, 2027
$12.00	$24.24

WASTEWATER EXCESS USAGE CHARGE – WOODS VALLEY RANCH SERVICE AREA

When wastewater usage exceeds the wastewater EDU capacity allocation, a Wastewater Excess Usage Charge is added to the property's water bill based on the amount of excess wastewater discharged. **The rates are not proposed to increase.**

The Wastewater Excess Usage Charge, on commercial properties, provides a means to recover capital, service and administration costs associated with wastewater usage in excess of a property's wastewater capacity allocation. The charge is to be billed to the commercial customer on their monthly water bill and should be sufficient to recover all costs associated with providing wastewater service. The allotted wastewater flow is calculated at 175 gallons per day per EDU, or 5,250 gallons per month per EDU, which equates to a wastewater flow per EDU of 7.0 hundred cubic feet per month. Any wastewater discharged greater than 7.0 HCF times the number of EDU's allocated to the property would be charged at the Wastewater Excess Usage Charges as follows:

	Feb. 1, 2027
Wastewater Excess Usage Charge (discharge amount greater than 7.0 HCF times the EDU allocation)	$39.66
Grinder Pump Excess Usage Charge (discharge amount greater than 7.0 HCF times the EDU allocation)	$9.92

HOW TO GET INVOLVED

After reading the information in this letter, you may wish to provide input to the District's Board of Directors or to learn more about the proposed adjustments. Additional information, including the written basis supporting the proposed adjustments, can be found on the District's website at: https://www.vcmwd.org/services/rates

You can also contact District staff by calling (760) 735-4500 during regular business hours are (Monday – Thursday, 7:00am – 4:30pm; Friday, 7:00am – 3:30pm), or emailing vcwater@vcmwd.org.

Finally, members of the public are welcome to attend the public hearing regarding the proposed rate changes. The public hearing will take place on February 1, 2027, at 2:00 pm. At the hearing, all members of the public will have an opportunity to provide comments on the proposed rate adjustment, however, only written protests count toward a majority protest. Written protests may be delivered in-person until the close of the public hearing.

SUBMIT A WRITTEN PROTEST

Any property owner or any tenant directly responsible for the payment of water or wastewater service fees (i.e., a customer of record) may submit a written protest to the proposed rate increases; provided, however, only one protest will be counted per identified parcel. Each protest must: (1) be in writing; (2) state whether the protest is submitted in opposition to the water rate increases or wastewater rate increases; (3) provide the location of the identified parcel (by assessor's parcel number or service address); and (4) include the name and signature of the person submitting the written protest. All written protested must be received prior to the close of the public comment portion of the public hearing. Written protests may be submitted:

- by mail to: Valley Center Municipal Water District, P.O. Box 67, Valley Center, CA 92082, provided such protest is received by the District prior to the close of the Public Hearing on February 1, 2027; or
- in person at the District's office at 29300 Valley Center Road, Valley Center, CA 92082, prior to the close of the public comment portion of the Public Hearing on February 1, 2027.

Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on the Proposed Rate Increases.

The Board of Directors will consider all written protests timely submitted and will hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed water and/or wastewater rate increases described in this notice. If, after the close of the Public Hearing, written protests against the proposed rate increases to water or wastewater fees as outlined above are not presented by a majority of the record owners and customers of record of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to adopt the adjusted rates as described herein.

SUBMIT A LEGAL OBJECTION

Separate from the written protest procedure, parties that wish to preserve the right to legally challenge the proposed water and/or wastewater rate adjustments must submit a written objection by Friday, January 22, 2027, at 4:00 p.m.

This is an exhaustion of administrative remedies requirement and is a separate legal requirement from the written protest. In order to be valid, your written objection must:

1. Include a clear statement that it is an objection to the proposed water and/or wastewater rates.
2. Provide the name of the record owner or customer of record;
3. Identify the affected parcel by assessor's parcel number or service address;
4. Include an explanation of why you believe the proposed water and/or wastewater rates are illegal. The explanation must be in sufficient detail to allow the District to determine whether any changes to the proposed rates are necessary. A statement that the rates are too high is insufficient to constitute a valid legal objection. Similarly, a statement that the rates are illegal because they violate Proposition 218, without additional information that allows the District to determine whether any changes to the rates are necessary, is insufficient to constitute a valid legal objection.
5. Include the signature of the record owner or customer of record with respect to the identified parcel.

To be valid, all written objections must include the information listed above and be received by the Board Secretary by Friday, January 22, 2027, at 4:00 p.m. by mail or in person at 29300 Valley Center Road, Valley Center, CA 92082. Failure to submit a timely objection that meets the requirements described above will bar any right to challenge the water service charges through a legal proceeding.

Prior to the close of the public hearing, the Board will consider and respond in writing to any timely, valid written objections. The District's responses will explain the substantive basis for retaining or altering the proposed water and wastewater rates in response to the written objection, and, if applicable, the grounds for not making any amendments in response to the objection The documents supporting the rate adjustments and increases are available for review online at https://www.vcmwd.org/services/rates, and at the office of the Board Secretary during regular business hours.

The proposed water rates are subject to Government Code section 53759. You are hereby notified that any judicial action or proceeding to attack, review, set aside, void, validate, or annul the Board's adoption of the proposed water and/or wastewater rates must be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance or resolution adopting the water rates, whichever is later.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the Valley Center Municipal Water District, 760-735-4500, vcwater@vcmwd.org.

VALLEY CENTER MUNICIPAL WATER DISTRICT

November 16, 2026

TO: **Honorable President and Board of Directors**

FROM: **Lindsay Leahy, General Manager**

SUBJECT: **RECOGNITION OF COOPER NESS**

PURPOSE:

To recognize Cooper Ness for his service to the Valley Center Municipal Water District Board of Directors.

SUMMARY:

Cooper Ness was appointed to the Board of Directors on June 20, 2022, to represent Election Division Two. Staff recommends recognizing his service and contributions to the District and the Valley Center community through adoption of the attached resolution.

RECOMMENDATIONS:

Adopt Resolution No. 2026-40 honoring Cooper Ness for his service to the Board of Directors.

PREPARED BY:

Coral Hutchins
Board Secretary

SUBMITTED BY:

Lindsay Leahy
General Manager

Attachment: *Resolution No. 2026-40 Honoring Cooper Ness*

RESOLUTION NO. 2026-40

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT RECOGNIZING AND HONORING COOPER NESS FOR HIS DEDICATED SERVICE, COMMITMENT TO THE COMMUNITY, AND CONTRIBUTIONS AS A DIRECTOR OF THE BOARD

WHEREAS, Cooper Ness is a fifth-generation Valley Center native whose family has deep roots in the community and its agricultural heritage;

WHEREAS, Cooper Ness manages his family's Bates Nut Farm, a Valley Center landmark that has been part of the community for more than 100 years;

WHEREAS, Cooper Ness holds an Associate's Degree in Business Administration and has professional experience in retail management and the operation of a longstanding local agricultural business;

WHEREAS, Cooper Ness was appointed to the Valley Center Municipal Water District Board of Directors on June 20, 2022, to represent Election Division Two;

WHEREAS, Cooper Ness has brought to the Board the perspective of a lifelong Valley Center resident, local business manager, and member of a family closely connected to the area's agricultural community; and

WHEREAS, through his service, Cooper Ness has contributed to the District's work to provide reliable water service, plan responsibly for infrastructure needs, and serve Valley Center residents, farms, and businesses.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Valley Center Municipal Water District does hereby recognize and honor Cooper Ness for his dedicated service and contributions to the District and the Valley Center community;

BE IT FURTHER RESOLVED, that the Board expresses its sincere appreciation for Cooper Ness's community perspective, commitment to public service, and contributions as a member of the Board of Directors; and

BE IT EVEN FURTHER RESOLVED, that a copy of this resolution be presented to Cooper Ness as a token of the Board's respect and gratitude.

PASSED AND ADOPTED, at a regular meeting of the Valley Center Municipal Water District Board of Directors held on the 16th day of November 2026, by the following vote, to wit:

ATTEST:

_____
Enrico Ferro, President

_____
Coral Hutchins, Board Secretary

7. General Information

November 16, 2026

TO: **Honorable President & Board of Directors**

FROM: **Lindsay Leahy, General Manager**

SUBJECT: **DISTRICT QUARTERLY STATUS REPORT – Q1 FY 2026-27**

PURPOSE:

To provide the Board with a status report on District operations, activities and projects.

SUMMARY:

The following reports cover Q1 of FY 2026-27 (July 1 through September 30, 2026) for the Operations, Engineering, Finance, Information Technology (I.T.), and General Administration Departments:

I. OPERATIONS DEPARTMENT:

A. WATER / WASTEWATER DIVISION

Water Operations

Measure	July 2026	Aug 2026	Sept 2026	Q1 FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Average Flow (cfs)	25.7	28.94	26.63	27.09	27.09	26.36
Total Rainfall (inches)	0	0	0.22	0.22	0.22	0.47
Average 24 Hr. Temp. (F)	76	78	74	76	76	73
Average High Temp. (F)	90	92	87	90	90	87
Total Water Purchases (A.F.)	1,553.63	1,779.97	1,525.61	4,859.21	4,859.21	4,819.36

Water Sales (A.F.)

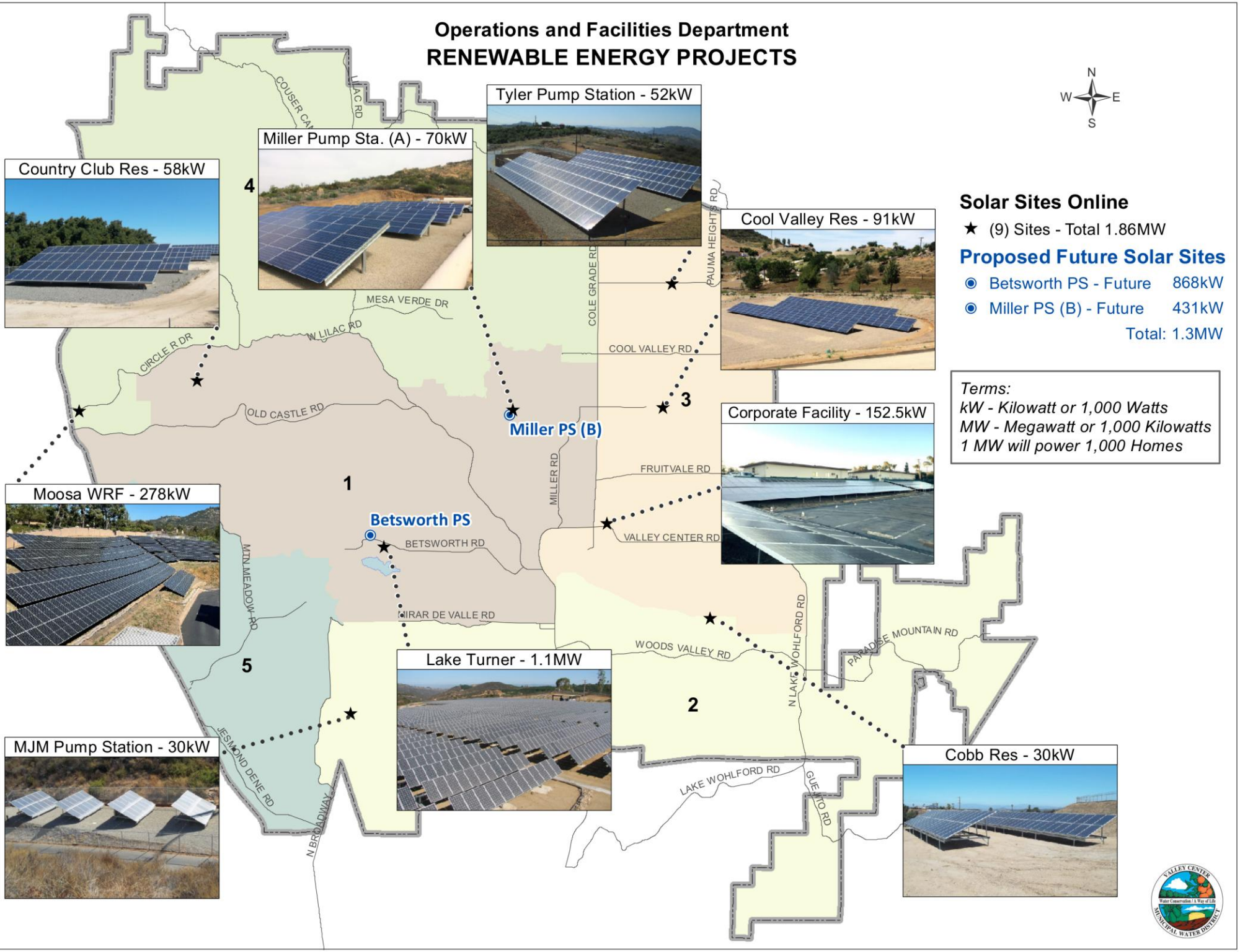
Budgeted FY 2026-27	Projected FY 2026-27	Actual FY 2025-26
12,000.0	12,000.0	12,566.5

Power Purchases - Electricity and Natural Gas

Measure	July 2026	Aug 2026	Sept 2026	Q1 FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Total kWh Purchased	971,510	918,570	945,877	2,835,957	2,835,957	1,958,418
Avg. Cost/kWh	$0.24	$0.24	$0.23	$0.24	$0.24	$0.24
Total Therms Purchased	22,093	20,597	23,034	65,724	65,724	80,276
Avg. Cost/Therm	$1.21	$1.27	$1.03	$1.26	$1.26	$1.34

Note: Power usage is totaled for July-September; unit costs are average rates. FY 2025-26 unit costs use published July-September year-to-date averages.

Operations and Facilities Department
RENEWABLE ENERGY PROJECTS



Solar Sites Online

★ (9) Sites - Total 1.86MW

Proposed Future Solar Sites

- Betsworth PS - Future 868kW
- Miller PS (B) - Future 431kW

Total: 1.3MW

Terms:
kW - Kilowatt or 1,000 Watts
MW - Megawatt or 1,000 Kilowatts
1 MW will power 1,000 Homes

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Wastewater / Recycled Water

Daily Flows (Average M.G.D.)

Facility	July 2026	Aug 2026	Sept 2026	Q1 FY 2026-27	Q1 FY 2025-26	Q1 FY 2024-25
Moosa	0.311	0.292	0.257	0.287	0.315	0.277
Woods Valley	0.125	0.127	0.124	0.125	0.125	0.122

Recycled Water (A.F.)

Measure	July 2026	Aug 2026	Sept 2026	Q1 Total FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Woods Valley Ranch WWRF	11.93	12.14	11.88	35.95	35.95	34.94

B. CUSTOMER CONTACTS

Customer Service Requests	July 2026	Aug 2026	Sept 2026	Q1 Total FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Backflow Leaking	1	3	4	8	8	18
Conservation	0	0	0	0	0	0
Facilities Damaged by Others	0	0	0	0	0	1
Leaks	37	38	37	112	112	75
Miscellaneous	9	32	40	81	81	70
No Water	3	1	2	6	6	18
Pressure	15	9	10	34	34	46
Sewer	0	0	0	0	0	0
STEP System	2	2	1	5	5	8
Water Quality	0	0	0	0	0	4
After-Hour Call-Outs						
SCADA	5	9	5	19	19	10
Customer	29	29	22	80	80	85

C. SAFETY / MEETINGS

Safety Meetings

Date	Topic	Presenter / Source
07/07/26	Portable Ladders	Bill Morris
07/14/26	Snake Safety	Bill Morris
07/21/26	Respirator Safety	Bill Morris
08/04/26	Compressed Air Safety	Bill Morris
08/18/26	Asbestos Pipe Refresher	Bill Morris
09/01/26	Hand & Power Tool Safety	Bill Morris
09/15/26	Hearing Conservation	Bill Morris
09/22/26	Eye Wash and Emergency Showers	Bill Morris

Seminars / Meetings

Date	Topic	Staff
08/03-08/06/2026	Tri State Seminar	Cliff Reeh, Ismael Navarro, Brayden Stansel, Payton Rutherford and Mario Cortes
09/09/2026	First Aid/CPR/AED hosted by Heart CPR	Rick Garman
09/17/2026	Recycled Water Site Supervisor Certification webinar hosted by SD Public Utilities	Mike Young and Ryan Reeh

D. SECURITY

Incident Type	July 2026	Aug 2026	Sept 2026	Q1 Total FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Trespassing/Break-ins	0	0	0	0	0	0
Vandalism	0	0	0	0	0	1
Threats/Suspicious Activity	0	0	0	0	0	0
Theft	0	0	0	0	0	0

E. METER SERVICES DIVISION

Category	Activity	July 2026	Aug 2026	Sept 2026	Q1 Total FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Installation/Maintenance/Repair	Meters Installed	4	4	4	12	12	13
	Meter Service Repairs	5	8	6	19	19	18
	Total Meters Exchanged	22	17	32	71	71	66
Meter Flow Test Bench	Meters Tested	7	5	11	23	23	47
Backflow Program	RP & DC Devices Tested	530	556	548	1,634	1,634	1,634
	RP & DC Devices Repaired	28	29	27	84	84	98
	RP & DC Devices Installed	22	9	26	57	57	48

F. WATER FACILITIES DIVISION

Category	Activity	July 2026	Aug 2026	Sept 2026	Q1 Total FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Pump Maintenance	Pumps Repaired/Replaced	1	1	0	2	2	1
	Electric Motors Repaired	1	0	0	1	1	1
	Electric Motors Rewound	0	0	0	0	0	0

G. CONSTRUCTION & MAINTENANCE DIVISION

Category	Activity	July 2026	Aug 2026	Sept 2026	Q1 Total FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Pipeline Maintenance/Repair	Mainline Repairs	1	3	0	4	4	19
	Shutdowns	0	2	1	3	3	6
	Shutdowns Due to New Construction	1	0	1	2	2	8
Landscape (Reservoirs) Maintenance	Station Maintenance	15	21	20	56	56	50

Valve Maintenance / Leak Detection Program Status

Valve Maintenance: Quads A-M completed; 15% through Quad N.

Leak Detection: Quads A-M completed; 15% through Quad N.

H. VEHICLE MAINTENANCE

Measure	July 2026	Aug 2026	Sept 2026	Q1 FY 2026-27	FY 2026-27 To Date	Q1 FY 2025-26
Total Vehicles Serviced	7	4	4	15	15	12
Total Miles Driven	27,655	26,157	27,885	81,697	81,697	89,447
Total Fuel Consumed - Vehicles (gal.)	2,196	2,117	2,421	6,734	6,734	6,676
Total Fuel Consumed - Equipment (gal.)	154	186	84	424	424	429
Average MPG	12.3	12.7	11.9	12.3	12.3	12.1
Average Pickup Trucks MPG	16.0	16.4	15.7	16	16	13.9
Average Service Trucks MPG	8.6	8.5	7.3	8.1	8.1	7.0
Average Vehicle Miles	522	545	581	549	549	541

End-of-Quarter Fleet Status

Measure	September 30, 2026
Total Mileage on Vehicles	2,472,031
Total Number of Vehicles in Fleet	48
Vehicles in Service	47
Surplus Vehicles Available	1

September 2025 total mileage on vehicles: 4,400,839.

Quarterly Reporting Note: Q1 covers July-September of each fiscal year. Current Q1 and fiscal-year-to-date periods are the same. In mixed-measure tables, row labels identify totals and averages. Flow, temperature and fleet operating averages are arithmetic means of monthly averages; power unit costs are reported average rates. Fleet status figures are September point-in-time measures.

I. CAPITAL IMPROVEMENT PROJECT SUMMARY

Project No.	Project	FY Auth.	Total Budget	July 2026	Aug 2026	Sept 2026	Quarter-End Status	Dept.
01-06-78-51050	Natural Gas Engine Controls Upgrade and Automation	16-17	$190,000	33%	33%	33%	Construction in progress	P&M
01-06-78-51161	VC Pump Station Natural Gas Engine Exhaust Replacement	26-27	$81,500	0%	0%	0%		Operations
01-06-78-51080	Pump Station Power Monitors	22-23	$56,220	15%	15%	15%	Construction in progress	P&M
01-06-78-51371	Vehicles - Four 1/2 ton pickup Trucks - Extra Cab	25-26	$236,000	95%	95%	100%	Completed	P&M
01-06-78-51371	Vehicles – Two 1/2 Ton pickup truck - Extra Cab	26-27	$122,000	0%	0%	0%		P&M
01-06-78-51376	Backhoe Loader Replacements	26-27	$624,000	0%	0%	0%		P&M
01-06-78-51880	Electric Motor Soft Starter Replacements	23-24	$39,206	20%	20%	20%	Received; installation in progress	P&M
01-06-78-51940	Cobb Reservoir Chloramine Boosting System	26-27	$283,737	0%	0%	50%	Parts received	P&M
13-06-78-53140	Lower Moosa Collection System Vitrified Clay Pipe Lining	18-19	$119,000	90%	90%	90%	Contractor making repairs	WW
13-06-78-53661	Return Activated Sludge Flow Meter	26-27	$16,000	0%	0%	0%		WW
17-06-78-52900	Woods Valley WRF Odor Scrubber Media and Blower	23-24	$28,500	0%	0%	0%		WW
17-06-78-57220	Influent Sewage Pumps	26-27	$27,000	0%	0%	0%		WW

II. ENGINEERING DEPARTMENT:

A. ENGINEERING SERVICES:

In addition to the items listed in the table below, Engineering Services staff assist with encroachment permits and violations, provide information for mark-outs, and help customers with water conservation questions and available rebate programs.

	July-September 2026	F.Y. 2025-26 To Date
Fire Meter Sales	3	46
Meter Sales	3	39
Meter Relocation	10	13
Meter Resize	0	5
Maps Processed (PF letters)	0	14
Agency Clearances Signed	15	76
Fire Hydrants/Special Projects Accepted	2	9
Underground Service Alerts/Mark-Outs	928	4,792
Potable Construction Meters	8	34
One Day Permits	0	0
Wastewater Inspections	1	5

B. GEOGRAPHICAL INFORMATION SYSTEM (GIS):

The GIS team continuously adds or updates facility data in the system as changes occur, supporting project managers with maps, exhibits, and data analysis.

Water/Wastewater Infrastructure Updates (mainlines, valves, appurtenances, wells, meters, backflow devices, and service connections)	1,201
As-built Record Drawings Incorporated	6
Map Exhibits Produced	14
GIS Data Queries for District Projects	3

In addition to the items listed above the following items were accomplished this quarter:

1. Downloaded and incorporated July, August, and September SanGIS updates to maintain current addresses, parcels, rights-of-way, and roadway data within the District's GIS web maps and REST services, supporting ongoing District operations and system integrations.

2. Continued expanding the District's wastewater infrastructure network in GIS by adding 1,056 sewer laterals and associated fittings. Work included verifying and adjusting lateral point locations against as-built drawings and establishing connectivity to gravity and pressurized wastewater mains.

3. Continued coordinating with the Trimble Unity consultant on GIS services and web maps supporting the asset management system upgrade. Developed an updated web map incorporating encroachments and gates, created an offline map for field testing, modified the Dig Alert REST service schema to accommodate integration requirements, and published a new base layer service. Reviewed service configurations and data transfers to support the transition and identify legacy services for retirement.

4. Updated 26 GIS encroachment records to incorporate inspection IDs for use within the Trimble Unity asset management system.

5. GIS staff attended the three-day Esri User Conference in July, participating in technical sessions, user presentations, and the Map Gallery to learn about software capabilities and GIS applications. Staff also met with GIS and Trimble Unity consultants to discuss ongoing projects and system development.

C. MAPPING:

In addition to the map requests identified below, staff assisted with traffic control project drawings and County permits for **Old Castle Road Pipeline Phase 2** and **North County ESP** projects.

Pending Mapping Requests	35
New Mapping Requests	75
Total completed	68
Total mapping requests remaining	42

Maps and Records Updates: Maps and records consist of preparing record drawings (as-builts) and valve detail drawings, and updating the District base map, GIS facility map, and database. Maps and records are continually being updated to accurately reflect completed projects, non-District improvements (encroachments), and current field conditions. The following table summarizes the status of the record map updates.

D. EASEMENT ENCROACHMENTS:

Summary of Activities:

District staff conduct ongoing inspections to identify, monitor, and resolve encroachments within District easements and right-of-way areas. Identified encroachments are evaluated to determine whether corrective action is required by the property owner or the District, and staff coordinate resolution efforts accordingly.

Staff also review and process requests for construction or improvements within District easements. Approved activities are issued Active Encroachment Permits and are inspected during construction for compliance with District standards.

Beginning Open Encroachments	**67**
New Encroachments Identified	+2
Encroachments Closed	-3
Ending Open Encroachments	**66**

Open encroachment cases are categorized based on the responsible party for resolution or permit status, as summarized below.

Pending Owner Resolution	23
Pending District Resolution	15
Active Encroachment Permits	29

E. FUNDING REQUESTS:

No new funding requests were submitted.

F. DEVELOPER FUNDED AND SPECIAL PROJECTS:

The attached location map shows the location of all Special Projects, Private Low-Pressure Wastewater Collection System Installations, and Cell Site Projects that are in process. It also shows the location of all developer funded projects located within the district.

Special projects with updates are detailed in Table I. Developer projects with updates are provided in Table II. The table below lists the total number of developer projects by project phase.

Project Phase	**# of Projects**
Warranty Period	6
Under Construction	2
Design Phase	1
Concept Approval (Pending Design)	0
Planning - Active	4
Planning - Inactive	17
Total Projects	**30**

G. CAPITAL IMPROVEMENT PROJECTS:

See attached location map showing all capital improvement projects and Table III for any projects with updates.

H. SEMINARS/MEETINGS:

Date	Meetings	Staff
July 2026	Three-day Esri User Conference.	GIS staff

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Special Projects (01-00-00-182xx & -183xx)								
Job # 182xx	**PROJECT NAME**	**Owner Engineer**	**Plan Approval**	**Estimated Construction Cost**	**Contractor**	**% Complete Construction**	**Final Accept.**	July - **Sept Quarterly Comments**
15	Wohlford Estates - RDDMWD & COE Project, Incl. VCMWD Waterline Relocation and Access Easement	Jared Aronowitz (Beazer) Masson & Associates	11/2/2022	N/A	TC Construction	**100%**	05/07/26	Project is currently under 1 - year Warranty until 5/2027.
28	Miller Road Plaza - Shopping Center: Water/Irrig. & Fire Service, w/Grinder Pump	Valley Center View Properties Wynn Engineering	10/12/22	$400,000	Gratzl Heavy Equipment Rental (Grading)	**60%**		**Project is on hold due to developer litigation issues with owners and contractors. No Action This Quarter.**
65	ARCO Gas Station and Store at VC Rd & Cole Grade Rd Domestic/Irrig/Fire Service and Sewer with Grinder pump	Rafat Mikhail Civil Landworks	5/2/2023	$26,400	Zigman Shields	**100%**	2/12/2026	Project is currently under 1 - year Warranty until 2/2027.
89	Portinos LP Sewer Lateral	June Knab	N/A	$91,000	Mike Gratzl	**100%**	8/19/2026	**Final acceptance was processed on August 19th. The project is under a one-year warranty period through August of 2027.**
92	Norris Sewer Lateral	Steve and Cydne Norris	1/23/2025	$21,841	Steve Norris (self)	**100%**	4/8/2026	Project is currently under 1 - year warranty until 4/2027.
93	Develyn LLC Storage	Dave Bohorquez / Larry Dutton	Pending	Pending	TBD	**0%**		**All review comments have been addressed. Staff is awaiting the final plan set for signature and approval.**
94	Lackritz Lateral	Gil Lackritz	Pending	$44,000	National Manufactured Homes	**0%**		**9/28/2026, Contractor emailed District to notify its moving fwd. Staff responded with list of requirements still needed to submit to District.**
95	The Farm Fire Hydrant	IAAA, LLC Wunderlin Engineering	Pending	Pending	Sweig General Contracting Inc.	**0%**		**The contractor located the existing waterline at the proposed fire hydrant location. The work was performed to identify pipe material and diameter.**
98	Archangel Ranch RPDA	Archangel Ranch LLC Bob & Dallas Booker	Pending	Pending	Pending	**0%**		**A precon was held at the end of September. The developer will begin work in the middle of October for the proposed RPDA.**
1	Anthony Rd - JMS Sales FH	JMS Sales	N/A	$36,950	Draves Pipeline	**100%**		**Project was completed in August and final acceptance was processed on August 20, 2026.**
3	Ocean Breeze Ranch					**0%**		**Staff provided the developer with the District Facilities Agreement (DFA) for their review and action.**
6	Ritson - Hernandez FH	Rene Hernandez		$35,400	Draves Pipeline	**0%**		**Staff met with Draves 9/23/2026 to locate suitable FH location. All District requirements are in place. Draves install date is pending.**

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Job # 182xx	PROJECT NAME	Owner Engineer	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept.	July - Sept Quarterly Comments
Private Grinder Pump - LPS Installations (13-06-78-53250 or 17-06-78-57250 - Function 64)								
App#	APPLICANT	Plan Submittal	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept.	July - Sept Quarterly Comments
Cell Site Installations (01-03-23-50001 Function 122)								
Site #	SITE	Plan Submittal	Plan Approval	Estimated Construction Cost	Cell Company	% Complete Construction	Final Accept.	

ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY

Job # 01-00-00-180xx	PROJECT NAME		Proj. Mgr.	Map No.	Lots/ Units	PLANNING Engineer	July - September Quarterly Comments
73	North Ranch Estates (Weston Residential Property)		MR		515	Dexter Wilson Engineering (Water and Sewer Planning) Rick Engineering (Civil Design)	**Staff provided comments on the preliminary design reports submitted by the developer.**
78	Native Oaks Plaza (SPEDC)		JN		N/A	Alidade Engineering - Larry Dutton	**The contractor continues work on onsite improvements. The contractor is working to complete punch list items and staff is working with the contractor to complete the Commercial Wastewater Discharge Permit.**
80	Oakwood Glen Waterline Extension		JN		N/A		**Developer is looking for a civil engineer to assist with their plan design. Once the plan design is complete, the developer will submit to the District for review.**
81	Cool Valley Line Extension		JN		N/A		**Developer is working with their civil engineer to make modifications to the project plans per the Fire Department requirements.**

ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY

Job # 01-00-00-180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	PLANNING Engineer	July - September Quarterly Comments
82	Via Salvador Line Extension	JN		N/A		**Staff returned the proposed plans with comments and corrections for the developers review.**

	PROJECT SUMMARY	# of Projects	Lots or Units
A	Warranty Period	6	414
B	Under Construction	2	52
C	Pending Construction	0	0
D	Design Phase	1	56
E	Concept Approval (Pending Design)	0	0
	Total in Process	**9**	**522**
F	In Planning - Active	4	516
G	In Planning - Inactive	16	430
	Total Planning	**20**	**946**
	Total Projects	**29**	**1,468**

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	Project Manager	July - September Quarterly Comments
	Pipelines & PRV Projects			
51150	North Broadway Pipeline Relocation (Design/Bid Phase)	In-House (Design) TSAC - Surveying	Fernando Carrillo	**Atlas drilled 3 locations near Reidy Canyon Creek and provided a geotechnical report. The report will be used to design the Horizontal Directional Drilling HDD) portion of the project. Prepared and advertised the RFP for HDD design. District staff working with EUSD on easements.**
18045	NC ESP Alternative Delivery Project Planning, Design and Funding Agreement (Construction Phase)	Orion Construction	Jeson Nikrasch	**Board of Directors approved Resolution 2026-35 which included: 2nd Amendment to the Construction Agreement between SDCWA, VCMWD and YMWD, Change Order No. 9 to Orion Construction and Amendment No. 7 to GFT for additional construction services funding.**
51690	Cole Grade Road Pipeline Replacement Design Phase	In-House	Fernando Carrillo	**County received 3 bids for the project. District reviewed the District portion of the work. District is waiting for the County to decide which contractor to award the bid to.**
51420	Old Castle Road Pipeline Replacement - Phase 2 (Construction Phase)	Big Ben, Inc.	Jeson Nikrasch	**Notice to Proceed was issued July 20th. Temporary highline was placed into service in September which allowed the contractor move directly into Phase I which includes removing and replacing the existing waterline between Pamoosa Lane and Cedar Trails.**
51910	Gordon Hill Upper Pipeline Relocation Project (Design, Bid Phase)	In-House	Fernando Carrillo	**Staff working on completing the design and acquiring all easements and temporary construction easements.**

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

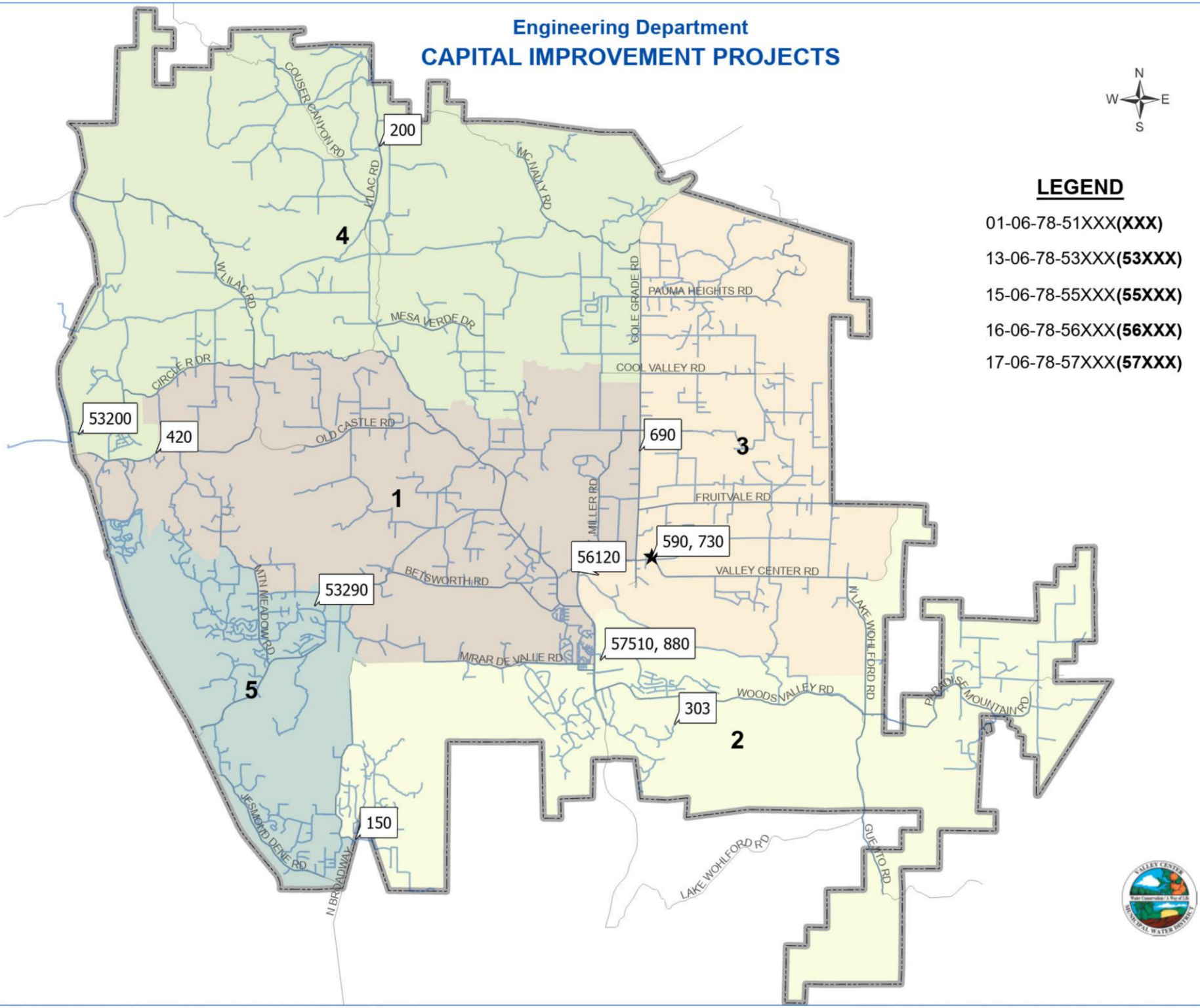
Acct. No.	Project Name	Contractor / Consultant	Project Manager	July - September Quarterly Comments
	Reservoir Projects			
51303	Ridge Ranch Interim Reservoir (Design Phase)	In-House Design	Melody Rocco	**Work on the completing the Preliminary Design Report has been delayed to 4th QTR 2026 in preparation for consideration for the FY 2027-2028 Annual Budget.**
	Data Management Systems			
51730	SCADA/HMI Migration - Water System Phase 1 **(Implementation Phase)**	Enterprise Automation	Melody Rocco	**The Contractor submitted a Change Order request for the additional SCADA and compressor control functionality as part of a larger request for additional pipeline work. The change order was approve and the contractor is coordinating with staff to schedule completion of the SCADA items in conjunction with the pipeline work.**
51731	SCADA/HMI Migration - Water System Phase 2 **(Planning Phase)**	Enterprise Automation	Melody Rocco	**The Consultant held the HMI Migration design workshop and provided the draft Master Plan to staff for review and comment. Staff is preparing a response for submittal in November.**
	Facilities Projects			
51590	Water Age Analysis	Mission Consulting Services (Jen Mael)	Melody Rocco	Staff continued to complete and update the calibration of the water model utilizing hourly demand meter data acquired from the Sensus AMI meters. The hourly demand data provides a more accurate representation of the fluctuation of water usage throughout the day.

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	Project Manager	July - September Quarterly Comments
	Lower Moosa Canyon Water Reclamation Facility Projects			
53290	Meadows Lift Station Motor Control Upgrade	Richard Brady & Associates ($148,673)	Fernando Carrillo	**Staff working on the Control Strategy and Instrumentation and Controls (I&C). Staff installed light pole and concrete base to install camera to be able to view future construction and provide site security monitoring.**
53200	Moosa Priority Project - Design	Richard Brady & Associates ($600,291)	Fernando Carrillo	**Staff will review the 95% drawings for the Moosa portion and return comments to Brady next quarter.**
	Woods Valley Ranch Water Reclamation Facility Expansion Projects			
56120	Woods Valley Ranch Wastewater Expansion Project Property Acquisitions	In-House	Melody Rocco	Dexter Wilson Engineering submitted wastewater study for the proposed Village Farms development (previously North Ranch Estates) identifying the proposed North Village Lift station site. Staff is reviewing the submittal and preparing a response that would address the acquisition/dedication of the proposed site. The North Village Lift Station site is the last remaining property to be acquired for the Woods Valley Ranch Wastewater Expansion project.
57510	WVR WRF HMI Upgrade	Interface Automation	Melody Rocco	**Consultant continued work on the HMI migration to Inductive Automation Ignition software and is expected to be complete in 4th QTR 2026**
57880	Woods Valley Ranch WRF Waste Discharge Permit Requirements Salt Nutrient Management Plan (SNMP)	In-House	Melody Rocco	**Contacted RWQCB Staff on August 13 and discussed plan for preparing the SNMP.**

Engineering Department

CAPITAL IMPROVEMENT PROJECTS



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IV. FINANCE DEPARTMENT:

A. COMPARISON OF STATISTICS:

	JULY - SEPT 2026	FY to Date 2026-27	FY to Date 2025-26
BILLS MAILED:	31,638	31,368	31,613
Actions for Non-Payment:			
Notices Mailed	4,138	4,138	4,019
48 Hr. Phone Calls	1,748	1,748	1,664
Meters Flow Restricted	7	7	28
Accounts Liened	19	19	38
Lien Notices Mailed	29	29	90
Accounts Transferred	124	124	110

CUSTOMER COUNTS:	**SEPT 2026**	**SEPT 2025**	**SEPT 2024**
Active Water Accounts:			
Certified Ag - PSAWR	615	625	637
M & I	9,245	9,201	9,176
Fire Meters	2,089	2,042	2,017
Total Active Accounts	*11,949*	*11,868*	*11,830*
Inactive Water Accounts:			
PSAWR	60	54	49
M & I	710	719	712
Fire Meters	155	161	148
Total Inactive Accounts	925	934	909
Total Water Accounts	12,874	12,802	12,739
Active Wastewater Accounts			
Moosa	2,477	2,476	2,472
Woods Valley	1,012	983	974
Total Wastewater Accounts	**3,489**	**3,459**	**3,446**

	Acre-Feet	Value
Interim MWD Agricultural Program:		
JULY 1994 through DEC 2012	513,882.8	$63,681,802
MWD RTS Estimated Savings:		
JAN 2003 through DEC 2012		$17,884,325
SDCWA PSAWR:		
JULY 1998 through SEPT 2026	503,158.5	38,502,897
SDCWA Emergency Storage Est. Savings:		
JAN 2003 through SEPT 2026		37,926,363
SDCWA Supply Reliability Est. Savings:		
JAN 2016 through SEPT 2026		$ 6,807,928
TOTAL MWD & SDCWA DISCOUNTS:		**$164,803,315**

B. MEETINGS:

Date	Meetings	Staff
7/22/2026 9:00–10:30 a.m.	ADP Human Resources Software Demo.	Jim, Vanessa and Stephanie
7/22/2026 2:30–3:30 p.m.	Water Resources Economics, LLC, Financial Model Update Meeting.	Jim and Vanessa
7/30/2026 9:30–11:00 a.m.	Water Resources Economics, LLC, Financial Model Update Meeting.	Jim and Vanessa
8/10/2026 10:00–10:30 a.m.	Paymentus Corp., Quote and Fee Model Options.	Jim, Vanessa and Andrew
8/19/2026 1:30–2:30 p.m.	Nyhart, FYE 06/30/2026 GASB 75 Actuarial Valuation Report Walkthrough.	Jim and Vanessa
8/20/2026	ACWA JPIA Human Resources Group Meeting at Yorba Linda Water District.	Stephanie
8/26/2026 11:00 a.m.–1:00 p.m.	ASAP.gov Virtual Training on How to Make Payment Requests.	Vanessa
9/2 – 9/3/2026	ACWA JPIA Training Conference in San Diego for multiple HR topics.	Stephanie
9/16/2026 2:00–3:00 p.m.	Water Resources Economics, LLC, Financial Model Update Meeting.	Jim and Vanessa
9/17/2026 10:00–11:00 a.m.	CAMP (PFM Asset Management) webinar, Cybersecurity: Protecting Assets and Investments.	Jim, Vanessa, Beatriz and Danielle
9/21/2026 10:00–11:00 a.m.	Water Resources Economics, LLC, Financial Model Update Meeting.	Jim and Vanessa
9/22/2026 10:30–11:30 a.m.	Water Resources Economics, LLC, Financial Model Update Meeting.	Jim and Vanessa
9/23/2026 11:00–11:30 a.m.	VertexOne, Renewal Feedback.	Jim and Vanessa
9/24/2026 9:30–10:30 a.m.	Springbrook, Human Resources Software Demo.	Jim, Vanessa and Stephanie

V. INFORMATION TECHNOLOGY DEPARTMENT:

A. CAPITAL IMPROVEMENT PROJECTS −

SCADA HMI Improvements – Replacement of the HMI system for the water system is in progress, with initial deployment to North County Emergency Storage Project (NCESP) sites and later expansion to other sites. San Gabriel Pump Station, San Gabriel Reservoir and Weaver Reservoir have been converted to a new HMI platform. HMI software upgrade is being deployed at Woods Valley WTP. Staff is currently working with the contractors to develop updated SCADA standards and templates for additional water system sites.
SCADA Infrastructure Upgrades – This project will replace the SCADA virtual host servers with new operating systems. Switches, firewalls and security appliances will also be replaced with new hardware. Staff replaced 11 high-performance switches on the wide area network. A new firewall is currently being tested, additional firewalls are being procured.

Asset Management System – Cityworks development and deployment is continuing, which includes fleet maintenance, equipment/tools, storeroom modules, and integration with GIS and ERP systems. The system was migrated to a cloud-based solution in August 2026.

Office Productivity Software – This project upgraded all District computers to a new Microsoft Office productivity software platform. The software has now been fully deployed. Staff is developing and configuring additional applications on the platform.

B. GENERAL ACTIVITY −

SCADA Upgrades – Continuous rolling upgrades are being done to replace older devices such as radios, cameras, network switches, and Uninterruptible Power Supply (UPS) units with newer models, which are faster and more reliable. This is an ongoing lifecycle refresh process.

Geographic Information Systems (GIS) Upgrades – GIS staff has deployed web maps and user portals within the software, and GIS databases and maps have been integrated with the Cityworks Asset Management System. The system is being continuously enhanced. Staff is working with a contractor to develop a backflow application module that is integrated with Cityworks.

Video Surveillance System Upgrades – Staff is advancing the system by upgrading cameras with new AI-capable models and performing software upgrades to existing systems.

Analog Phone Circuit Migration – Due to AT&T planning to phase out analog phone lines in the area by June 2027, staff installed an analog gateway device that connects the analog lines to District's VoIP phone system. All analog circuits are being migrated to the gateway device before the AT&T phaseout deadline.

C. SYSTEM STATUS –

All systems are operating normally.

D. MEETINGS –

Date	Meetings	Staff
July 2026	No meetings attended.	
August 2026	No meetings attended.	
September 2026	No meetings attended.	

INFORMATION TECHNOLOGY DEPARTMENT
CAPITAL FUNDED PROJECTS SUMMARY

Project No.	Name	F.Y. Auth-orized	Total Budget	Contracts			Comments	Project Manager/ Coordinator
				Contractor / Consultant	% Complete			
					2026 May	2026 Jun		
51040	Boardroom Technology Upgrade	16-17	$32,135	In-house	100%	100%	Project upgraded the Audio/Video presentation technology in the Boardroom. Video live streaming system was installed with upgraded cameras. New monitors were installed on the dais. New HDMI wiring and video switching system has been installed. System has been configured and is fully operational.	Ando Pilve
51480	Asset Management System	18-19	$88,704	In-house, external consultant	98%	98%	Cityworks Asset Management System's implementation is in progress. Deployment is completed with DigAlert, work order modules, and GraniteNet sewer inspection system. Generator and Gas Engine modules are in development. Reservoir modules are being planned. Backflow module development is deferred. System has been migrated to a cloud-based solution.	Ando Pilve
51240	SCADA Infrastructure Upgrades	25-26	$65,000	In-house	25%	30%	This project will replace the servers with new operating systems. Firewalls and security appliances at various locations will be replaced with new hardware running the latest security software suites with increased performance. 11 network switches have been replaced.	Ando Pilve

VI. GENERAL ADMINISTRATION PROJECTS AND PROGRAMS:

A. PERSONNEL –

1) Employee Headcount:

Employee Category	Count
Regular employees	73
Temporary employees	1
Retired annuitants	1
Total employees	**75**

2) Pending Retirements:

Rick Beath, December 29, 2026

Compiled By:

Coral Hutchins, *Board Secretary*

Submitted By:

Lindsay Leahy, *General Manager*

8. Closed Session