

VALLEY CENTER MUNICIPAL WATER DISTRICT
MINUTES
Regular Meeting of the Board of Directors
Monday, June 2, 2025 — 2:00 P.M.

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

ROLL CALL

Board Members Present: *Directors Ferro, Holtz, Smith, Ness, and Stehly.*

Staff Members Present: *General Manager Arant, District Engineer Grabbe, Director of Finance and Administration Pugh, Director of IT Pilve, Director of Operations and Facilities Lovelady, Special Projects & Regulatory Compliance Manager Nichols, Manager of Accounting/Deputy Director of Finance & Administration Velasquez; Executive Assistant/Board Secretary Peraino, and General Counsel David Lloyd Nick-Nervell present in-person.*

PUBLIC COMMENT(S)

President Ferro established for the record the process by which public comments are received by the Board; this process was also described in the Agenda for the meeting. It was announced that no public comments had been received for this 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, May 19, 2025; and**
2. **Audit Demands for Check Nos. 171639 – 171699 from May 10 – 23, 2025;**
3. **Approval of Resolution No. 2025-13 to Set the District's FY 2025-26 Appropriation Limit for Proceeds from Taxes per Article XIII B of the State Constitution; and**
4. **Approval of Resolution No. 2025-14 to Adopt the FY 2025-26 Annual Water Supply and Demand Assessment.**

Action: Upon motion by Stehly, seconded by Ness; and unanimously carried, the previously listed consent calendar items were approved.

PUBLIC HEARING ITEM(S)

5. **Public Hearing to Consider Adoption of Proposed Water Availability Charges for Fiscal Year (FY) 2025-26 and Adoption of Ordinance No. 2025-05 to Amend the District's Administrative Code:**

A public hearing to receive written and oral input on the adoption of Ordinance No. 2025-05, regarding proposed revisions to Water Availability Charges for Fiscal Year (FY) 2025-26, was

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opened by President Ferro at 2:04 PM. Annually, the District holds a public hearing to receive public testimony on the water availability charge of \$10 per acre with a \$10 per parcel minimum, reported Director of Finance and Administration Pugh. This charge has been in place at the same rate since FY 1995-96. The availability charge will generate a dedicated source of revenue of approximately \$564,000 for FY 2025-26 which has been used for the District's debt service and ongoing capital requirements.

Notice of the public hearing was published in the local paper as required by law. Letters were also mailed to all new property owners within the District. The District received no written protests or phone calls, noting no new deferral applications were received. No public comments were received after the opportunity for public comment was provided. The public hearing was closed at 2:09 PM.

Action: Upon motion by Holtz, seconded by Ness; and unanimously carried, the following Ordinance was approved:

ORDINANCE NO. 2025-05

ORDINANCE OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT ESTABLISHING WATER AVAILABILITY CHARGES FOR FY 2025-26 ON ALL PROPERTY WITHIN THE DISTRICT

Was adopted by the following vote, to wit:

AYES: ***Directors Ferro, Holtz, Smith, Ness, and Stehly***
NOES: ***None***
ABSENT: ***None***

ACTION ITEM(S)

6. Review of Proposed Revisions to the Meter Capacity Charges and Request to Set Public Hearing Date to Consider Approval of New Charges:

Proposed increases in Water Meter Capacity Charges (including Specific Benefit Area Capacity Charges) were presented by *Special Projects & Regulatory Compliance Manager* Alisa Nichols. In addition to the San Diego County Water Authority ("SDCWA") Meter Capacity and Annexation Charges (which are set independently from the District), the District's Water Meter Capacity Charges are collected for new water meters purchased from the District and a per acre District Annexation Charge is collected from properties requesting annexation to the District. Modifications to the approach since last year include:

- Added Value of Capital Improvements completed during the year, which exclude contributed capital.
- Updated Asset Values to reflect the current Replacement Cost New Less Depreciation value.
- Updated the percentage of the Asset Values related to Usage Based Revenue versus Land Based Revenue.
- Updated the Equivalent ¾-inch Meter count to exclude Inactive Meters.

The last adjustment to Meter Capacity and Annexation Charges was approved in April 2024. Staff's recommendations are based on the water system and non-facility asset values as of June 30, 2024. Key considerations in determining the value of the water system assets include capital

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improvement reserves, the value of District land, adjustments made to the useful life of the facility assets that do not include the value of contributed capital, adjustments for the amount of the asset value attributable to property tax and Availability Charge revenue and the exclusion of value associated with wastewater facilities, reminded Ms. Nichols. Staff proposed an 8.7% increase to the Water Meter Capacity Charge, increasing from \$5,705 to \$6,203, for a ¾-inch water meter.

An Incremental Component to the Water Meter Capacity Charge is added for projects if within a Specific Benefit Area and apply to projects that fit the following criteria: 1) Projects constructed by the District that benefit future connections in a specific area, or 2) Contributed Capital Projects (Developer Projects with Reimbursement Agreements) that benefit future connections in a specific area. In situations where an Incremental Component Charge applies, a Specific Benefit Area ("SBA") is established and a Specific Benefit Area Capacity Charge ("SBACC") is separately approved; conceptually during the project planning/approval process, based on estimated project costs (with final approval after the project is completed, when all costs are known). The SBACC is added to the Meter Capacity Charge for new meters on properties only within the SBA. The proposed Incremental Charges for the current SBACC are summarized in the following table:

SPECIFIC BENEFIT AREA (SBA) DESCRIPTION	Original Project Value	Total Project Value (6/30/2023) (RCNLD) ¹	Total Project Value (6/30/2024) (RCNLD) ¹	SBA Build Out (Equivalent ¾-inch meter)	SPECIAL BENEFIT AREA CAPACITY CHARGE (per Equivalent ¾-inch meter)	Percent Change from Previous Year
High Mountain Waterline	\$181,940	\$227,207	\$228,586	168	\$1,361	0.61%
Wilkes Road Waterline	\$712,620	\$794,708	\$799,026	362	\$2,207	0.54%
Via Piedra Waterline Extension - Total	\$571,203	\$571,203	\$571,203	37	N/A	0.00%
Via Piedra Waterline Extension - Subarea A	\$3,656	\$3,656	\$3,656	10	\$366	0.00%
Via Piedra Waterline Extension - Subarea B	\$73,611	\$73,611	\$73,611	6	\$12,268	0.00%
Via Piedra Waterline Extension - Subarea C	\$493,936	\$493,936	\$493,936	21	\$23,521	0.00%

¹ Original Cost with No Depreciation is used for the Via Piedra SBACC pursuant to the Reimbursement Agreement.

Annexation Charges are collected from properties requesting annexation to the District. Property owners outside of the District have not paid Availability Charges or tax revenues to the District, and as such, would need to buy-in to the value attributed to those revenue sources to be on an equal basis as customers within the District. Using a similar "Buy-In" methodology as the Water Meter Capacity Charge, the Annexation Charge is determined as described in the District's Administrative Code §220.6. The same amount deducted from the water facility asset value for taxes and Availability Charges used in determining the Water Meter Capacity Charge is the primary component of the corporate asset value used to determine the Annexation Charge recommendation. Using the revised methodology, a 2.6% decrease in the Annexation Charge from \$1,443 to \$1,406 per acre was recommended.

Board input and comments received from this meeting will be incorporated into the final recommendation, to be presented at the July 7, 2025 Board meeting. If approved at that time, the Meter Capacity and Annexation Charges would become effective immediately.

Action: Upon motion by Stehly, seconded by Smith; and unanimously carried, motion to set public hearing date for July 7, 2025 was approved.

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7. Preview of the FY 2025-26 Annual Assessments for the Woods Valley Ranch Sewer Service Area and Request to Set Public Hearing Date to Put the Service Charge and Grinder Pump Maintenance Charge Assessments on the Property Tax Roll:

The date for a public hearing to receive input and consider collecting the FY 2024-25 Woods Valley Ranch (WVR) annual Sewer Service Charge (Service Areas 1 and 2) and the annual WVR Grinder Pump Maintenance Charge (Service Area 2) on the tax roll, was requested by District Engineer Grabbe. Notification of the public hearing on Monday, July 7, 2025, will be published in the local newspaper. The resolutions approving the assessments and levies for the FY 2025-26 tax roll will be presented to the Board for approval at the July 7, 2025 Regular Board Meeting and are due to the County by August 10, 2025, stated Mr. Grabbe.

District's Sewer Service Charges

The sewer service charges and grinder pump maintenance charges for the Woods Valley Ranch Sewer Service Areas have been collected annually on the County of San Diego property tax roll (tax roll). The service charges, which provide for the operation, annual maintenance, and ultimate replacement of the District-owned and operated collection, treatment, and seasonal storage facilities, are levied on those properties connected to the wastewater collection system as of the end of the fiscal year. These charges consist of the following:

- WVR Service Area 1:
 - Annual Sewer Service Charge – 5% increase, from \$1,183.20 per year per EDU to \$1,242 per year per EDU.
- WVR Service Area 2:
 - Annual Sewer Service Charge – 5% increase, from \$1,183.20 per year per EDU to \$1,242 per year per EDU.
 - Annual Grinder Pump Maintenance Charge –
 - Simplex Unit: 5.1% increase from prior year: \$642.24 per year per EDU.
 - Duplex Units: 5.1% increase from prior year (see below):

EDUS	ANNUAL FEE
1	\$790.32
2	\$963.84
3	\$1,128.24
4	\$1,285.68
5	\$1,435.08
6	\$1,576.56
7	\$1,709.88
8	\$1,833.60
9	\$1,950.72
10	\$2,059.80
11	\$2,160.84
12	\$2,253.72
13	\$2,337.12
14	\$2,413.92
15	\$2,482.68
16	\$2,543.04
17	\$2,595.72
18	\$2,640.12
19	\$2,675.16
20	\$2,703.36

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Mr. Grabbe previewed the FY 2025-26 annual assessments for the Woods Valley Ranch Sewer Standby Fee, the annual assessments for Assessment District No. 2012-1 (AD 2012-1 / Woods Valley Ranch Wastewater Expansion Project), and the annual special tax levy for Community Facilities District No. 2020-1 (CFD 2020-1). The District's Sewer Service and Grinder Pump Maintenance Charge responsibility is \$4,854 on based on the 3 EDUs considered connected at the Corporate Facility Site with a duplex grinder pump.

Sewer Standby Fee Annual Assessment

Staff recommended the current Annual Sewer Standby Fee (\$550.32 per EDU) be continued for FY 2025-26 and collected on the County property tax roll. It is levied on those parcels in the service area that have a capacity reservation but are not connected to the wastewater collection system as of June 30, 2025. The Standby Fee provides funding for the following costs for the Woods Valley Ranch Water Reclamation Facility and Collection System, a) certain fixed maintenance cost items, b) operation support, and c) replacement reserve contribution; all of which are necessary to maintain a parcel's capacity commitment until the parcel is developed and connected to the wastewater collection system.

The Woods Valley Ranch Water Reclamation Facility Service Area is comprised of two separate areas, the Woods Valley Service Area ("Service Area 1") and the Woods Valley Ranch Water Reclamation Facility Service Area 2 ("Service Area 2"). The District's Sewer Service Charge responsibility is \$24,215, based on the capacity commitment of 35 EDUs for the VCMWD Lilac Road Site and 9 EDUs of the 12 EDUs allocated to the Corporate Facility Site (3 EDUs are considered connected at the Corporate Facility Site).

Assessment District No. 2012-1 Annual Assessment

The annual assessments of AD 2012-1 are used to fund the debt service repayment of the three California State Water Resources Control Board SRF Loans and two 1915 Act Limited Obligation Improvement Bonds (Bonds) used to finance the Expansion Project and a portion of the Orchard Run Lift Station construction. Proposed annual assessments totaling approximately \$1.85M are estimated for FY 2025-26 (including the CFD 2020-1 share funded from its annual special tax levy). Costs for the Expansion project were allocated to seven Benefit Areas (A-G) based on the benefit received as defined in the Engineer's report for the assessment district. The Valley Center Municipal Water District has a total capacity reservation of 47 EDUs; 35 EDUs reserved for the future Lilac Road corporate facility site and 12 EDUs for the Valley Center Road Corporate Facility Site. The annual assessment for VCMWD's capacity reservation totals approximately \$76,000.

Community Facilities District No. 2020-1 Special Tax Levy

The amount of the annual CFD 2020-1 Special Tax Levy is set and determined by the Rate and Method of Apportionment (RMA) document prepared by Koppel & Gruber Public Finance, approved with the formation of the CFD, and allows for a maximum annual increase of 2%. The Special Tax Levy is based on whether the property is undeveloped (without a building permit) or developed (with a building permit) as of May 15, 2025. The Special Tax for the developed property is further dependent on the characteristics (square footage) of the home permitted for the parcel and its development Zone, as defined in the RMA. The Special Tax Levy for FY 2025-26 is estimated at approximately \$909,840. Of this amount, \$566,900 is allocated to the CFD 2020-1's share of AD 2012-1 debt and administration fees, and \$236,140 for the Series 2024 Bond. The remaining balance, \$106,800, will be placed in a separate reserve to fund the future CFD 2020-1 Series 2 Bond for design and construction on the Woods Valley Ranch WRF Phase 3 Facilities or possibly Incremental Annual Capacity Transfers from the Indian Creek Development, if approved by the Board.

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Staff recommended the Board of Directors authorize staff to set a public hearing date for July 7, 2025 and proceed with the proper notifications to consider collecting the annual sewer service charges, fees, assessments, and special taxes on the FY 2025-26 Tax Roll.

Action: Upon motion by Smith, seconded by Stehly; and unanimously carried, motion to set public hearing date for July 7, 2025 was approved.

8. Adoption of Resolution No. 2025-15, Approving Amendment No. 1 to the Professional Services Agreement with Enterprise Automation for the HMI Migration Project:

District Engineer Grabbe presented background on the Professional Services Agreement ("PSA") with Enterprise Automation ("EA") for system integration services associated with the Water System SCADA/HMI Migration Project. The District entered into the PSA with EA on May 20, 2024, for migration of the water system SCADA/HMI software platform from Wonderware's – InTouch product to Inductive Automation's Ignition product for eight District facility sites.

The current PSA *Not-to-Exceed* contract amount is \$449,93. The proposed Amendment No. 1 in the amount of \$128,431 would bring the total agreement amount to \$578,362. No additional funding is required for this amendment. The San Diego County Water Authority will fund their respective portion (approximately \$13,000), and the remaining amount will be accommodated by reallocating existing funds within the approved project budget.

Staff recommended that the Board of Directors adopt Resolution No. 2025-15 approving Amendment No. 1 for \$128,431 to the professional services agreement with Enterprise Automation, resulting in a revised total contract amount of \$578,362.

Action: Upon motion by Smith, seconded by Ness; and unanimously carried, the following Resolution was approved:

RESOLUTION NO. 2025-15

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING
AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT
WITH ENTERPRISE AUTOMATION FOR THE WATER SYSTEM HMI MIGRATION
PROJECT - PHASE 1 INTEGRATION [ACCOUNT NO. 01-06-78-51730]**

Was adopted by the following vote, to wit:

AYES: ***Directors Ferro, Holtz, Smith, Ness, and Stehly***
NOES: ***None***
ABSENT: ***None***

INFORMATION ITEM / POSSIBLE ACTION ITEM(S)

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

General Manager Arant provided highlights from the SDCWA's Board of Directors' Meeting of May 22, 2025 summary.

Action: Informational item only, no action required.

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10. General Information:

General Manager Arant provided highlights of the District's March Monthly Status Report.

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S ITEM(S)

None.

BOARD OF DIRECTORS' AB1234 REPORTS ON MEETINGS ATTENDED

None.

CLOSED SESSION ITEM(S)

None

ADJOURNMENT

Action: Upon motion by Smith, seconded by Ness; motion passed unanimously, the regular meeting of the Board of Directors was adjourned at 3:39 PM.

ATTEST:

ATTEST:

Kirsten N. Peraino, Secretary

Enrico P. Ferro, President

Approved at a regularly scheduled Board Meeting on Monday, June 16, 2025