

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

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Ferro at 2:01 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, Ness (arrived late at 2:05 p.m.), and Stehly.*

Board Members Absent: *Vacancy in Election Division Three (3) Seat.*

Staff Members Present: *General Manager Arant, District Engineer Grabbe, Director of Finance and Administration Pugh, Director of Operations and Facilities Lovelady, Manager of Accounting/Deputy Director of Finance & Administration Velasquez; Director of IT Pilve, Administrative Assistant/Assistant Board Secretary Williams, Special Projects and Regulatory Compliance Manager Nichols, and General Counsel Paula de Sousa 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.

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, August 18, 2025;**
- 2. Audit Demands;**
- 3. Treasurer's Report Month Ending July 31, 2025; and**
- 4. Request Approval of Purchase Order No. 118787 for the Purchase of a Backhoe Loader from Hawthorne Power Systems.**

Action: Upon motion by Holtz, seconded by Stehly; and carried with 3 affirmative votes, the previously listed consent calendar items were approved.

INFORMATION ITEM / POSSIBLE ACTION ITEM(S)

- 5. Water Capital Improvement Program (CIP) Capital Financing Model Workshop (Continued):**

District Engineer Grabbe presented additional information on the Capital Financing Model Workshop, focusing on alternatives requested at the August 18th meeting. Grabbe reviewed the following funding options with the Board:

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- **Baseline Results:** Use of currently available funding sources for the proposed CIP Program, resulted in a negative CIP reserve balance of \$3.6M in Year 5 - insufficient funding for the proposed CIP Program.
- **Initial Recommendation:** \$15 monthly CI Charge, \$10M Interim Loan and 50% debt financing of future project costs, resulted in a sufficient source of funds for the 20-year evaluation period.
- **Two Capital Improvement Charge Alternatives:** \$10 monthly charge implemented over a 1-year or 2-year period, in conjunction with a \$10M interim loan and 50% debt financing of future project costs) resulted in a negative CIP reserve balance before the end of the 20-year evaluation period – insufficient funding for the proposed CIP Program.

Staff Recommendation: \$15/month Capital Improvement Charge phased in over 5 years, beginning with \$5 in Year 1, increasing to \$10 in Year 3, and \$15 in Year 5, in conjunction with \$10M of interim loan for funding the current projects and debt financing of up to 50% for funding the future project costs.

Action: Upon motion by Holtz, seconded by Stehly, the Board approved proceeding with the Proposition 218 process to establish an initial \$5 monthly Capital Improvement Charge effective January 2026, with scheduled increases to reach a total of \$15 per month by Fiscal Year 2030. The motion carried with four affirmative votes.

6. **Native Oaks Golf Course Recycled Water Agreement Delivery Expansion:**

General Manager Arant reviewed staff discussions with the San Pasqual Economic Development Council (SPEDC) regarding amending the Recycled Water Use Agreement for the delivery of recycled water from the Woods Valley Ranch Water Recycling Facility (WVRWF) to the Native Oaks Gold Club (NOGC) .

Key points included:

- **Current Agreement:** Allows for delivery up to 225,000 gpd, sufficient for Phases 1 and 2 service disposal needs, but not Phase 3 treatment needs.
- **Proposed Expansion:** Up to the full permitted capacity of the plant, estimated to be between 450,000 to 475,000 gpd, securing long-term disposal capacity for District wastewater disposal from WVRWF.
- **Issues Raised by SPEDC:**
 - *Timing of Deliveries / Playability:* NOGC has expressed concern over how and when the recycled water is delivered to the golf course. It is proposed to better match water deliveries with course irrigation demand through use of on-course ponds and the District seasonal storage reservoirs.
 - *Water Quality / Turf Costs:* NOGC is concerned about the cost of having to purchase more chemicals to offset some of the recycled water quality characteristics which would be associated with increased quantities of water delivered. Staff proposed continuing 50% of imported water rate for first 40,000 gpd, but waiving charges above that threshold. While reducing near-term revenues by ~\$32,000 annually, the proposal secures additional disposal capacity and long-term revenue.

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Staff Recommendation: Seek amendment of the existing agreement to allow for expanded deliveries of recycled water through improved operational balancing of water deliveries and golf course irrigation demand needs, and adjustment of the pricing structure to offset the water treatment impacts of increasing levels of delivery.

Action: Upon motion by Ness, seconded by Stehly, and carried with 4 affirmative votes, the Board approved amending the agreement to increase deliveries up to 475,000 gallons per day, with recycled water charges continuing at 50% of the imported water rate for the first 40,000 gpd and waived for volumes above that threshold.

7. ACWA Committee Appointment Process:

Special Projects and Regulatory Compliance Manager Nichols provided information on the Association of California Water Agencies (ACWA) Committee appointment process for the 2026–27 term.

Action: Informational item only, no action required.

8. Legislative and Regulatory Report:

Special Projects and Regulatory Compliance Manager Nichols updated the Board on state-level legislation and regulatory developments affecting District operations.

Action: Informational item only, no action required.

9. General Information:

An overview of the District Status report for the month of June was provided.

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S ITEM(S)

None.

BOARD OF DIRECTORS' AB1234 REPORTS ON MEETINGS ATTENDED

None.

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CLOSED SESSION ITEM(S)

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).

10. A Closed Session was called by President Ferro at 3:01 PM pursuant to the following two (2) items:

- **Government Code §54957 – Public Employee Appointment:**
Title: General Manager
- **Government Code §54957.6 – Conference with Labor Negotiators:**
Agency Designated Representatives: Board of Directors
Unrepresented Employee: General Manager

RECONVENE

Action: The Board came out of closed session at 3:17 PM with no reportable action.

ADJOURNMENT

Action: Upon motion by Stehly seconded by Ness; motion passed with 4 affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:18 PM.

ATTEST:

ATTEST:

Coral L. Williams, Acting Board Secretary

Enrico P. Ferro, President

Approved at a regularly scheduled Board Meeting on Monday, September 15, 2025