

VALLEY CENTER MUNICIPAL WATER DISTRICT
AGENDA

Regular Meeting of the Board of Directors

Monday, December 1, 2025 — 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 be also be physically dropped off or mailed in advance of the meeting at the District’s Administrative 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 17, 2025; and**
2. **Audit Demands.**

PRESENTATION ITEM

3. **Review, Receive and File of the District's Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2024-25 and Review of Appropriation Limit Worksheet:**

The District's Annual Comprehensive Financial Report for Fiscal Year 2024-25 and Appropriation Limit Worksheet will be reviewed.

- a. Report by Director of Finance
- b. Discussion
- c. Audience comments/questions
- d. Informational presentation only

ACTION ITEM(S)

4. **Approve Professional Services Agreement with Interface Automation for System Integration Services for the Woods Valley Ranch WRF SCADA/HMI Software Upgrade:**

The Board will consider the approval of Resolution No. 2025-31 authorizing the General Manager to enter into a Professional Services Agreement with Interface Automation for HMI software upgrade services at the Woods Valley Ranch Water Reclamation Facility.

- a. Report by District Engineer
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny Resolution No. 2025-31

5. **San Diego Local Agency Formation Commission Special Districts Advisory Committee Call for Ballots:**

Request the Board of Directors approve the recommended selection of candidates and cast an election ballot for the San Diego Local Agency Formation Commission (LAFCO) Special Districts Advisory Committee (SDAC).

- a. Report by Special Projects and Regulatory Compliance Manager
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to provide authorization to the Board President approve the recommended selection of candidates and cast an election ballot for the San Diego Local Agency Formation Commission (LAFCO) Special Districts Advisory Committee (SDAC).

INFORMATIONAL ITEMS

6. Water Use Efficiency and Water Loss Performance Standards Update:

Provide the Board a status update on District compliance with and implementation of state mandated Water Use Efficiency and Water Loss Performance Standards.

- a. Report by Special Projects and Regulatory Compliance Manager
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

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

A report on the SDCWA's Board of Directors' Meeting November 20, 2025 will be provided.

- a. Report by Gary Arant
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

8. General Information:

General Information items will be reviewed.

- a. Report by General Manager
- b. Discussion
- c. Audience comments/questions
- d. Information item only, no action required

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 ITEM

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).

9. A Closed Session will be held pursuant to the following item:

- **Government Code §54956.9 (d)(1) – Conference with Legal Counsel – Existing Litigation:**
HOLLOWAY V. SAN DIEGO GAS & ELECTRIC COMPANY et al.,
Case No. 37-2023-00053167-CU-OR-NC.

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 Williams, *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 American 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 17, 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, Baker, Ness, and Stehly.*

Board Members Absent: *Director Holtz.*

Staff Members Present: *General Manager Leahy, Former 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, General Counsel de Sousa, and SDCWA Principal Construction Manager Airey 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, October 20, 2025;**
2. **Audit Demands and Wire Disbursements;**
3. **Treasurer's Report for Month Ending September 30, 2025; and**
4. **Financial Statements for the Quarter Ended September 30, 2025.**

Action: Upon motion by Ness, seconded by Stehly; and carried with 4 affirmative votes, the previously listed consent calendar items were approved.

PRESENTATION

5. **Informational Presentation by San Diego County Water Authority on the San Diego Aqueduct Bifurcation Project:**

Ms. Valerie Airey, Principal Construction Manager, provided the Board with an overview of the First Aqueduct Treated Water Bifurcation Structures and Hubbard Hill Vents Rehabilitation Project.

Valley Center Municipal Water District Board of Directors' Meeting Minutes

Project Overview:

Ms. Airey reviewed the regional aqueduct system layout, highlighting:

- First and Second Aqueduct alignments
- Pipeline 1 and Pipeline 2 delivery points
- Major tunnel segments including Lilac, Red Mountain, Oat Hills, and Rainbow tunnels
- Hubbard Hill overflow and vent structures
- Existing bifurcation structures requiring rehabilitation

Project Purpose & Objectives:

The project includes critical seismic and structural upgrades to meet current code requirements. Work elements include:

- Rehabilitation of six (6) bifurcation structures at three tunnel locations
- Upgrades to two (2) vent structures at Hubbard Hill
- Improvements to access points for personnel, water sampling, and O&M functions
- Various site enhancements to support long-term operational reliability

The project is designed to increase seismic resiliency, improve safety for field personnel, and ensure consistent operational performance.

Construction Impacts & Expectations:

Ms. Airey described anticipated construction activities and potential impacts to nearby residents and businesses, including:

- Standard work hours: Monday–Friday, 7:00 AM–5:00 PM
- 24/7 shutdown work for approximately 10 days each in:
 - January 2026
 - January 2027
- Equipment and material deliveries
- Use of heavy machinery, including units with backup alarms
- Temporary equipment staging areas
- Construction signage
- Periodic noise and dust
- Use of public and private roads for construction access

Public Outreach Plan:

To minimize community impacts and ensure accurate communication, outreach efforts include:

- Direct outreach to nearby residents and businesses
- Distribution of Water Authority Public Affairs business cards
- Postcard mailers sent to all residents within 1,000 feet of work zones
- A Frequently Asked Questions (FAQ) sheet prepared for VCMWD staff

These efforts are intended to maintain transparency and support timely communication throughout the construction process.

Action: Informational item only; no Board action required

ACTION ITEM(S)

6. Ratify Execution of Recycled Water Use Agreement with San Pasqual Economic Development Council (SPEDC) dba Native Oaks Golf Club, adopt Resolution No. 2025-30, and Authorize Filing the Agreement with the County:

Mr. Arant presented an overview of the updated Recycled Water Use Agreement between the District and the San Pasqual Economic Development Council (SPEDC), DBA Native Oaks Golf Club (NOGC). Staff noted that the Agreement replaces the previous arrangement with Woods Valley Country Club, Limited Partnership, whose interests have since transferred to SPEDC.

The purpose of the action was to:

- Ratify the former General Manager's execution of the updated Agreement; and
- Authorize filing of the executed Agreement with the San Diego County Recorder's Office.

Summary of Negotiations & Key Agreement Updates

Staff reviewed the negotiations undertaken with SPEDC to update the Agreement in order to:

- Reflect the change in ownership/party structure; and
- Allow for expanded recycled water deliveries to Native Oaks Golf Club, up to the permitted treatment capacity of the Woods Valley Ranch Water Reclamation Facility (WVRWRF).

Water Quality Considerations – Nitrates & TDS (Section 3) Issue:

Increased volumes of recycled water deliveries elevate the need for soil and turf amendments due to nitrates and total dissolved solids, resulting in increased golf course operational costs.

Response: Staff presented a cost-balancing proposal addressing delivery rate impacts:

- **Current Rate Structure:**
 - District charges **50% of the imported water rate** for the first **40,000 gallons/day** (~44.8 AFY).
 - Deliveries above this threshold are charged at **115%** of the imported water rate.
 - Generates approximately **\$105,000 annually**.
- **Proposed Adjustment:**
 - Maintain **50% rate** for the first 40,000 gallons/day.
 - **Waive charges** for deliveries above 40,000 gallons/day.
 - Generates approximately **\$73,000 annually**, a decrease of about **\$32,000**, but still covers delivery-related power and O&M costs.

Timing of Deliveries & Course Playability (Section 11) Issue:

Over-saturation of turf during peak play periods adversely affects course conditions and player experience.

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Board of Directors' Meeting Minutes**

Resolution:

- Deliveries will be **strategically coordinated** using:
 - On-course storage facilities
 - District seasonal reservoirs
- This approach supports optimized irrigation timing and improves course playability.
- The section also acknowledges the potential for **future expansion of on-course storage** to increase operational flexibility and provide additional emergency storage capacity for District needs.

Technical & Administrative Revisions

Staff emphasized that, aside from updates to correctly identify the parties, no substantive operational changes were made compared to the 2013 Agreement.

Recommendation

Staff recommended the Board:

1. Ratify the former General Manager's execution of the Agreement by adopting Resolution No. 2025-30; and
2. Direct the executed Agreement be filed with the San Diego County Recorder's Office.

RESOLUTION NO. 2025-30

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT RATIFYING THE FORMER GENERAL MANAGER'S EXECUTION OF THE RECYCLED WATER USE AGREEMENT WITH THE SAN PASQUAL ECONOMIC DEVELOPMENT COUNCIL, DBA NATIVE OAKS GOLF CLUB, INC., AND DIRECTING THAT THE AGREEMENT BE FILED WITH THE SAN DIEGO COUNTY RECORDER'S OFFICE

Action: Upon motion by Stehly, seconded by Ness; motion to approve the following Resolution passed with four (4) affirmative votes:

Was adopted by the following vote, to wit:

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

7. Request Approval of Woods Valley Ranch (WVR) Capacity Transfer Installment Purchase Agreement:

The District Engineer presented an overview of the proposed Installment Purchase Agreement (IPA) to transfer a portion of the Woods Valley Ranch Water Reclamation Facility (WVR WRF) treatment and seasonal storage capacity from the Indian Creek Associates (ICA) properties in the North Village to Community Facilities District (CFD) 2020-1 (Park Circle) in the South Village.

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Purpose of the Agreement

The purpose of the IPA is to:

- Transfer 218.5 EDU of wastewater capacity from ICA to CFD 2020-1 over 13 years;
- Provide CFD 2020-1 with the treatment capacity needed in lieu of constructing Phase 3 Expansion Improvements at WVR WRF; and
- Authorize execution of the Agreement through adoption of Resolution No. 2025-26.

Background & Agreement Parties

Staff described the parties to the agreement:

- Indian Creek Associates (ICA) – Owner of 11 parcels (107 acres) north of Valley Center Road, holding 224 EDUs of allocated capacity.
- VCMWD – Owner/operator of WVR WRF.
- CFD 2020-1 (Park Circle) – Requesting transfer of treatment and seasonal storage capacity to support build-out.

Nine parcels were formerly the Westin Properties (“Maddox Field”) and two belonged to Valley Center View Properties, LP.

Capacity Transfer Terms & Conditions

Transfer Quantity and Schedule

- Total Transfer: 218.5 EDUs.
- First Year Transfer: 55 EDUs.
- Remaining Average: ~15 EDUs per year thereafter.
- Actual transfer pacing is dependent on available Special Tax revenue.

What Capacity Transfers / What Does Not

- **Transfers:**
 - Base Treatment Capacity
 - Seasonal Storage Capacity
- **Does Not Transfer:**
 - Collection System Capacity (remains with ICA parcels)
 - Park Circle has already fully funded its share of collection system improvements.

Relationship to Phase 3 Expansion

Staff explained that the transfer of capacity eliminates the need for CFD 2020-1 to construct Phase 3 Expansion Improvements at the WVR WRF.

- The Park Circle Developer previously posted \$3,770,000 in security for its share of Phase 3 costs affecting parcels outside the CFD.
- Because Phase 3 is no longer required, the security deposit is no longer needed and will be made available for reimbursement to the developer upon execution of the IPA.

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Cost, Reimbursements & Administrative Code Requirements
Administrative Code Section 171.11

Staff reviewed how the District's Administrative Code governs capacity transfers, including:

- Eligibility for reimbursement of capacity-related costs;
- Limitations tied to Special Tax revenue availability;
- Required multi-year transfer schedules.

Cost Comparison

- **Capacity Transfer Total Cost: ≈ \$3.64 million**
- **Estimated Phase 3 Expansion Cost to CFD: ≈ \$6.0 million**

The capacity transfer option is **significantly less costly** for CFD 2020-1 property owners.

Initial Reimbursement Components

Upon execution of the IPA, ICA will receive an initial reimbursement of **\$329,280**, consisting of:

- **\$224,280** – Standby Fees (FY 2024-25 & FY 2025-26)
- **\$58,828** – Principal assessment component for 55 EDUs (FY 2024-25)
- **\$46,142** – Principal equity component + interest

Funding sources:

- **WVR WRF Replacement Reserve** – Standby fee reimbursement
- **CFD Special Tax Fund** – Principal and interest reimbursements

AD 2012-1 assessment liens are **not released**; ICA remains responsible for assessments based on current capacity allocations.

Ongoing Reimbursement Structure

- Annual AD 2012-1 assessments continue to be paid by ICA.
- The District reimburses ICA from excess Special Tax revenue for the transferred capacity.
- The equity component accumulates until the special tax revenue is sufficient for reimbursement.
- Interest accrues at the State Revolving Fund (SRF) rate of 2.2%.

Good Faith Estimate (Required Disclosure)

As the Installment Purchase Agreement constitutes a debt obligation of the CFD, Government Code requires public disclosure of key financing terms.

Good Faith Estimate:

- Principal Amount: \$4,985,539
- Term: 16 years
- Interest Rate: 2.2%
- True Interest Cost: 0.91%
- Total Interest: \$543,164
- Total Payments: \$5,558,703

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- Finance Charge: \$30,000 (estimated third-party costs)

Recommendation

Staff recommended that the Board adopt Resolution No. 2025-26 approving the Installment Purchase Agreement for funding the multi-year transfer of Woods Valley Ranch WRF capacity from the North Village Area for use by Community Facilities District No. 2020-1 in accordance with the Capacity Reservation Transfer Policy (Administrative Code Section 171.11).

RESOLUTION NO. 2025-26

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLEY CENTER MUNICIPAL WATER DISTRICT APPROVING AN
INSTALLMENT PURCHASE AGREEMENT WITH RESPECT TO FINANCING
THE PURCHASE OF WASTEWATER CAPACITY IN AN AMOUNT NOT TO
EXCEED \$5,470,000 THROUGH SPECIAL TAXES LEVIED WITHIN
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (PARK CIRCLE
EAST/WEST) OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT AND
OTHER MATTERS PERTAINING THERETO**

Action: Upon motion by Stehly, seconded by Ness; motion to approve the following Resolution passed with four (4) affirmative votes:

Was adopted by the following vote, to wit:

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

8. Old Castle Pipeline Replacement—DWSRF Good Faith Estimate Approval and Loan Document Authorization:

The District Engineer requested Board approval of Resolution No. 2025-29, which authorizes execution of the required Drinking Water State Revolving Fund (SRF) Installment Sale Agreement with the State Water Resources Control Board (SWRCB) for the Old Castle Pipeline Replacement Project – Phase 2.

District Engineer Grabbe reviewed the project purpose and status:

- The Old Castle Pipeline Replacement Project includes
 - **Phase 1:** 1,900 LF of 12-inch pipeline (completed in 2019)
 - **Phase 2:** 10,800 LF of 12-inch pipeline
- **Total Project Cost:** \$9,300,000
 - **\$5,525,000** SRF Loan
 - **\$3,775,000** EPA Community Grant
- The SRF loan has been approved by the SWRCB; EPA grant approval is in progress.
- Construction start is currently anticipated for May 2026.

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District Engineer Grabbe noted that while the Board previously authorized staff to submit the SRF application and execute financing documents, California Government Code 5852.1 requires public disclosure of financing terms before entering into a debt obligation. The Good Faith Estimate, included in Resolution No. 2025-29, fulfills that requirement.

Good Faith Estimate – Key Terms

- **Principal:** \$5,525,000
- **Term:** 30 years
- **Interest Rate:** 1.9%
- **Total Interest:** \$1,968,452
- **Total Payments:** \$7,493,452
- **Finance Charge:** \$11,000 (estimated third-party costs)
- **Estimated Annual Payment:** ~\$250,000

Next Steps & Estimated Schedule

- Grant approval: **December 2025**
- Bridge loan approval: **December 2025**
- Budget amendment: **January 2026**
- Advertise for bids: **January–April 2026**
- Bridge loan closing: **April 2026**
- Construction contract award & NTP: **May 2026**
- Construction duration: **24 months** (completion ~June 2028)

Recommendation

Staff concluded by recommending adoption of Resolution No. 2025-29, approving the Installment Sale Agreement and authorizing staff to enter into the SRF Loan.

RESOLUTION NO. 2025-29

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL
WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF AND
APPROVING A FINANCING AGREEMENT WITH THE CALIFORNIA STATE WATER
RESOURCES CONTROL BOARD AND AUTHORIZING CERTAIN OTHER ACTIONS IN
CONNECTION THEREWITH**

Action: Upon motion by Ness, seconded by Baker; motion to approve the following Resolution passed with four (4) affirmative votes:

Was adopted by the following vote, to wit:

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

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Board of Directors' Meeting Minutes

INFORMATION ITEMS

9. 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 Board action required

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

A report on the SDCWA's Board of Directors' Meeting of October 23, 2025 was provided.

Action: Informational item only; no Board action required

11. General Information:

An overview of the District Status report for the month of September 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.

CLOSED SESSION ITEM

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).

12. A Closed Session was called by President Ferro at 3:07 PM pursuant to the following item:

- **Government Code §54956.9 (d)(1) – Conference with Legal Counsel – Existing Litigation:**
HOLLOWAY V. SAN DIEGO GAS & ELECTRIC COMPANY et al.,
Case No. 37-2023-00053167-CU-OR-NC.

RECONVENE

Action: The Board came out of closed session at 3:24 PM with no reportable action.

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

ADJOURNMENT

Action: Upon motion by Ness seconded by Stehly; motion passed with 4 affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:24 PM.

ATTEST:

ATTEST:

Coral L. Williams, *Acting Board Secretary*

Enrico P. Ferro, *President*

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD NOVEMBER 08, 2025 THROUGH NOVEMBER 14, 2025

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	Alpha Analytical Laboratories, Inc.	Testing	255.00
ACH	Amazon Capital Services, Inc.	Materials - Field	10,045.60
ACH	Grainger, Inc	Materials - Field	618.59
ACH	IntelePeer Holdings Inc.	Services	833.23
ACH	Prudential Overall Supply	Uniform Rentals - October 2025	4,250.61
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	889.65
ACH	United Parcel Service, Inc.	Shipping	19.76
ACH	Univar Solutions	Materials - Field	4,683.25
172552	A-1 Irrigation, Inc	Materials - Field	4,169.26
172553	Aaron Mehandroo LLC	Vehicle Maintenance	270.32
172554	Aelott Air Conditioning, Inc.	A/C Maintenance	1,505.00
172555	Asbury Environmental Services	Hazardous Waste Removal	8.00
172556	AT&T	Services	2,864.86
172557	Bavco	Materials - Field	4,444.67
172558	Boncor Water Systems, LLC	DI Tank Service For Acct#412732 - November 20:	220.00
172559	Busy Bees Locks & Keys, Inc.	Services	48.94
172560	California Dept. of Tax and Fee Admir	Hazardous Waste Generation & Handling Fee Pre	280.08
172561	Charlie L. Hoffa	Opacity Testing	1,065.00
172562	Complete Office of California, Inc	Office Supplies	1,628.09
172563	Corodata Records Management	Record Storage - October 2025	126.57
172564	Davis Farr LLP	Services - Annual Audit For FY 2024-2025	17,000.00
172565	Diamond Environmental Services, LP	Services	71.34
172566	Emission Compliant Controls Corporal	Services	1,075.00
172567	FedEx	Shipping Services	77.96
172568	Ferguson Waterworks #1083	Materials - Field	4,169.71
172569	HealthEquity Inc.	Monthly Fees - November 2025	17.70
172570	Bryce and Emma Kirklen	BP Refund - Permit:2025-0001	2,000.00
172571	Ramon Lastra	Strip and Wax Floor	2,370.00
172572	National Safety Compliance, Inc	D.O.T. Certified Drug Test	383.64
172573	Occupational Health Centers of Califo	Medical Services	118.00
172574	Palomar Termite & Pest Control	Pest Control - October 2025	80.00
172575	Quality Chevrolet	Vehicle Maintenance	336.18
172576	S & R Towing, Inc.	Services	350.00
172577	Transamerican Direct, Inc.	Prop 218 Letters - Mailing Services	7,953.17
172578	Yardley Orgill Co. Inc.	Materials - Field	1,291.06
TOTAL			<u><u>75,520.24</u></u>

Approved By:

General Manager

Director of Finance & Administration

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD NOVEMBER 15, 2025 THROUGH NOVEMBER 21, 2025

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	ACWA/JPIA	Blue Cross Medical Premiums - December 2025	84,250.52
ACH	Alpha Analytical Laboratories, Inc.	Testing	2,307.50
ACH	Amazon Capital Services, Inc.	Materials - IT	266.58
ACH	Escondido Metal Supply	Materials - Field	582.66
ACH	FRS Environmental	Services	365.40
ACH	Grainger, Inc	Materials - Field	157.13
ACH	Hasa, Inc.	Chemicals	2,767.86
ACH	HD Supply Facilities Maintenance Ltd.	Materials - Field	666.30
ACH	International City Mgmt Association Re	Plan# 801966. MissionSquare Remittance 10/31/25	4,294.52
ACH	Greg Johnson	Materials - Field	9,375.03
ACH	Koppel & Gruber Public Finance	Services	2,730.00
ACH	Liquid Environmental Solutions of Calif	Services	7,972.72
ACH	Monument Row	Gordon Hill Upper - Water Line Easement Project	315.00
ACH	Alisa Nichols	Mileage Reimbursement 09/10/25-10/31/25 and AC	258.66
ACH	Paymentus Corporation	Transaction Fees - October 2025	19,119.44
ACH	Quartic Solutions LLC	GIS Support	300.00
ACH	Rockwell Construction Services, LLC	North County Emergency Storage Project and Wat	7,437.50
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Datec	1,730.70
ACH	Valley Center Municipal Water District	Employee Contributions 10/31/25-11/14/25 - Barga	563.75
ACH	VCMWD Employees Association	Employee Contributions 10/31/25-11/14/25 - Social	549.00
ACH	Waterline Technologies Inc	Materials - Field	649.84
172579	ABC General contractor Inc	Refund Check 020372-001, 22081905 FH@33.28	2,131.54
172580	Asbury Environmental Services	Hazardous Waste Removal	433.05
172581	AT&T Mobility	Services - Account No. 287290784385	5,627.63
172582	Babcock Laboratories, Inc	Testing	725.51
172583	Brenntag Pacific Inc.	Materials - Field	1,420.02
172584	California Municipal Statistics, Inc.	Direct and Overlapping Debt Statement As Of 06/31	600.00
172585	CDW Government	Bluebeam - IT	414.70
172586	Complete Office of California, Inc	Office Supplies	111.38
172587	Corodata Media Storage, Inc.	Record Storage - October 2025	254.19
172588	County of San Diego	Repeater Site Rent Acct# 7019 - Palomar Mountair	938.00
172589	CWEA	CWEA Association Membership Renewal - Len Brc	251.00
172590	Detection Instruments Corporation	Materials - Field and Calibration	2,497.64
172591	Diamond Environmental Services, LP	Services	1,620.00
172592	DIRECTV	Moosa Dish Service 11/11/25-12/10/25	59.99
172593	Dos Valles Garden Club	Purchase Of 10 Poinsettias For Office Decoration	130.00
172594	Emission Compliant Controls Corporati	Services	1,075.00
172595	Fallbrook Printing Corp	Printing Services	415.44
172596	FedEx	Shipping Services	22.85
172597	Full Compass Systems Ltd	Materials - Field	2,884.75
172598	Gallade Chemical Inc.	Chemicals	860.44
172599	HealthEquity Inc.	Employee Contributions 10/31/25-11/14/25	277.00
172600	Lon W. House	White Pines Renewables Proposal For Lake Turner	19,425.00
172601	Infosend	A/R Processing, Mail & Postage	4,784.75

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD NOVEMBER 15, 2025 THROUGH NOVEMBER 21, 2025

NOVEMBER

CHECK #	PAYEE	DESCRIPTION	AMOUNT
172602	Chris Kratz	Safety Boot Reimbursement	184.86
172603	Fernando Leon Martinez	Safety Boot Reimbursement	271.86
172604	Occupational Health Centers of California	Medical Services	118.00
172605	Pacific Pipeline Supply	Materials - Field	1,383.68
172606	Palomar Broadband Inc.	Services	69.95
172607	Palomar Termite & Pest Control	Pest Control - November 2025	80.00
172608	San Diego Gas & Electric	Electric Services - Acct 0007242272582	85,065.49
172609	San Diego Gas & Electric	Electric Services - Acct 0010212819358	46,328.14
172610	Self Insured Services Company	Medical & Dental Insurance Premiums - November	676.80
172611	Signa Mechanical	Materials - Field	125.00
172612	Snap-On Incorporated	Materials - Field	104.37
172613	Stericycle, Inc.	Record Destruction	736.42
172614	SWRCB	Renewal For Distribution Grade 4 - Brian Lovelady	105.00
172615	SWRCB	Renewal For Distribution Grade 4 - Ron Darland Oj	140.00
172616	SWRCB	Renewal For Distribution Grade 5 -Roy Rutherford	140.00
172617	SWRCB	Application For D3 Certificate - Brandon Dendy Op	120.00
172618	B Tappouni	Vehicle Maintenance	438.19
172619	TNE Global Inc	Materials - Field	2,776.00
172620	Tri County Pump Company	Services	3,380.18
172621	United Way of San Diego County	Employee Contributions 10/31/25-11/14/25	20.00
172622	Water Isac	Annual Membership Dues	650.00
172623	Yardley Orgill Co. Inc.	Materials - Field	1,336.10
TOTAL			<u><u>337,870.03</u></u>

Approved By: _____

General Manager

Director of Finance & Administration

December 1, 2025

TO: Honorable President and Board of Directors

FROM: Lindsay Leahy, General Manager

SUBJECT: REVIEW THE FINAL DRAFT OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2024-25

PURPOSE:

The following reports for Fiscal Year 2024-25 are presented for your review:

- Annual Comprehensive Financial Report (ACFR), including the Independent Auditor's Report;
- Independent Accountants Report for the Agreed Upon Procedures to the Appropriations Limit Worksheet;
- Communication with those charged with governance; and
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

SUMMARY:

Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (ACFR) will be presented at today's meeting. A complete ACFR consists of three parts: (1) the Introduction discussing the activity of the District during 2024-25, (2) the center Financial Section which is our financial statements, including Management's Discussion and Analysis, and (3) the Statistical Section which is an accumulation of statistics that provide a financial history of the District over the last ten years.

Finance Department staff compiled the report and it is being submitted to the Government Finance Officers Association for their review. We believe it conforms to the requirements of the Certificate of Achievement for Excellence in Financial Reporting and that we will receive the Certificate for the thirty-second year in a row.

Shannon Ayala of the audit firm of Davis Farr, LLP will be present. They have completed the audit of the District's financial condition as of June 30, 2025, and of the results of operations for the fiscal year then ended. The purpose of the audit is to form an opinion on whether or not the records maintained by the District, and the accounting principles followed, result in financial statements that are free of any material misstatement. In the report prepared for the District, the auditors express an unmodified (or clean) opinion, in that the statements present fairly in all material respects, the financial position of the District as of June 30, 2025, and the changes in financial position and cash flows for the year then ended in accordance with generally accepted accounting principles.

Appropriations Limit Worksheet

Davis Farr's Independent Auditor's Report on Applying Agreed Upon Procedures to the Appropriations Limit Worksheet shows compliance with Article XIII B of the California Constitution. While this law limits the annual increase in the property taxes public agencies can receive, the District receives less than one-half the limit provided.

Communication with Those Charged with Governance

Davis Farr's Communication with those charged with governance letter is included. The letter outlines their responsibility in relation to the financial statement audit, the scope of the audit, compliance with all ethics requirements regarding independence and various other matters that they are required to advise you of regarding their audit.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The purpose of Davis Farr's Report on Internal Control is solely to describe the scope of their testing of internal control over financial reporting and compliance and the results of that testing.

RECOMMENDATION:

Receive and file the Independent Auditor's Report on the District and the Fiscal Year 2024-25 Annual Comprehensive Financial Report and Agreed Upon Procedures to the Appropriations Limit Worksheet.

REVIEWED BY:



James V. Pugh
Director of Finance & Administration

APPROVED BY:



Lindsay Leahy
General Manager

PREPARED BY:



Vanessa Velasquez
Manager of Accounting

To the Board of Directors
Valley Center Municipal Water District
Valley Center, California

We have audited the financial statements of the business-type activity and aggregate remaining fund information of the Valley Center Municipal Water District ("the District") as of and for the year ended June 30, 2025 *and* have issued our report thereon dated November 17, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 27, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and recording journal entries detected during the audit process. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- Implementation of GASB Statement No. 101: Compensated Absences
- Issuance of New Debt for CFD 2020-1

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and the District changed the accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, Compensated Absences, and risk disclosures related to government vulnerabilities due to concentrations and constraints by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 102, Certain Risk Disclosures, in the fiscal year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of transactions related to net pension liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of transactions related to net OPEB liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements were:

- The disclosure of pensions in note 8 of the financial statements.
- The disclosure of OPEB in note 9 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

For the purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For the purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated November 17, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
November 17, 2025

INDEPENDENT ACCOUNTANT'S REPORT

Valley Center Municipal Water District
Valley Center, California

We have performed the procedures enumerated below on Valley Center Municipal Water District ("the District") appropriations limit worksheets for compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution for the year ended June 30, 2025. The District is responsible for compliance with Section 1.5 of Article XIII B of the California Constitution.

The District has agreed to and acknowledged that these procedures are appropriate to meet the intended purpose of evaluating compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution and the League of California Cities publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines* for the year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. We obtained the worksheets referred to above and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Directors.

Results: No exceptions were noted as a result of our procedures.

2. We recalculated the mathematical computations reflected in the District's worksheets.

Results: No exceptions were noted as a result of our procedures.

3. We compared the current year information used to determine the current year limit and agreed it to worksheets prepared by the District and to information provided by the State Department of Finance.

Results: No exceptions were noted as a result of our procedures.

4. We compared the amount of the prior year appropriations limit presented in the worksheets to the amount adopted by the Board of Directors for the prior year.

Results: No exceptions were noted as a result of our procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the worksheets referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Management of Valley Center Municipal Water District and is not intended to be, and should not be, used by anyone other than the specified party.

DavisFarr LLP

Irvine, California
November 17, 2025



**VALLEY CENTER
MUNICIPAL
WATER DISTRICT**

Annual Comprehensive Financial Report

**For the Fiscal Year Ended
June 30, 2025**

Valley Center, CA



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2025

Valley Center Municipal Water District



Prepared by:

Valley Center Municipal Water District's Finance Department
James V. Pugh, Director of Finance & Administration
Vanessa Velasquez, Manager of Accounting/Deputy Dir. of Finance & Admin.

29300 Valley Center Road ▪ PO Box 67 ▪ Valley Center, CA 92082

www.valleycenterwater.org

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Introductory Section



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VALLEY CENTER MUNICIPAL WATER DISTRICT

A Public Agency Organized July 12, 1954

Board of Directors
Enrico P. Ferro
President
Daniel E. Holtz
Vice President
Cooper T. Ness
Director
Alysha M. Stehly
Director
Patrick L. Baker
Director

November 24, 2025

The Honorable Board of Directors and Citizens of Valley Center
Valley Center Municipal Water District
29300 Valley Center Road
Valley Center, CA 92082

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Valley Center Municipal Water District (hereinafter referred to as “the District”) for the fiscal year ended June 30, 2025. The purpose of the report is to provide the Board of Directors, our customers, and any other interested parties with reliable financial information about the District.

The ACFR was prepared by the District's Finance Department in accordance with Generally Accepted Accounting Principles (GAAP). Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal controls that were established for this purpose. Because the costs of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner designed to set forth fairly the financial position and results of operations of the District, and that all disclosures necessary to enable readers to gain maximum understanding of the District's financial activity have been included.

The District's policy requires that an independent certified public accounting firm, selected by the Board, audit the basic financial statements on an annual basis. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Davis Farr, LLP have issued an unmodified (or clean) opinion on the District's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is presented as the first component of the Financial Section of this report.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditor's report in the Financial Section and provides an overview, summary, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

REPORTING ENTITY AND SERVICES

Valley Center Municipal Water District (the “District”) was founded on July 12, 1954 and was formed under the provisions of the California Municipal Water District Law of 1911 (California Water Code Sections 71000 et seq.). It is located in northern San Diego County and provides water and wastewater reclamation services to its domestic, agricultural, and commercial customers encompassing a 101 square mile service area, serving a population of approximately 30,166. It includes the unincorporated area of Valley Center and unincorporated areas north of Escondido.

The District is governed by a five-member Board of Directors (the “Board”), elected by geographic division and serving staggered four-year terms and manages the District through an appointed general manager. The District’s management team also includes four department heads that oversee the Finance, Engineering, Information Technology, and Operations & Facilities Departments. At June 30, 2025, there were 72 regular full-time employees working for the District.

For reporting purposes, the financial statements present a combined report which includes all District activities for which the Board of Directors of Valley Center Municipal Water District is primarily financially accountable. The District has established various self-balancing groups of accounts in order to enhance internal control and further the attainment of management objectives. The groups of accounts are identified in the District’s books and records as General, Lower Moosa Wastewater Treatment, and Woods Valley Ranch Wastewater.

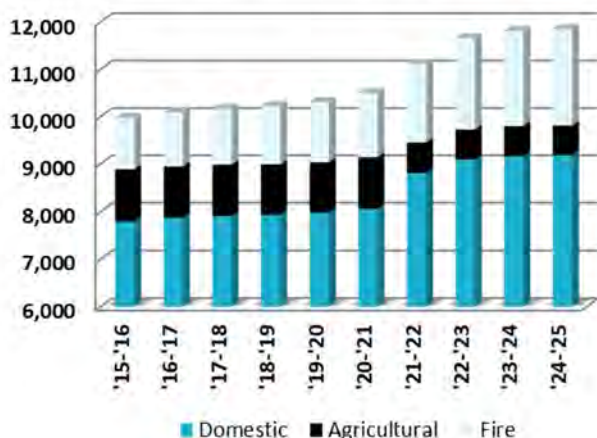
Custodial funds are reported on the Fiduciary Statements for Assessment District No. 2012-1 and Community Facilities District 2020-1, which are described in Note 6 of the Notes to the Basic Financial Statements.



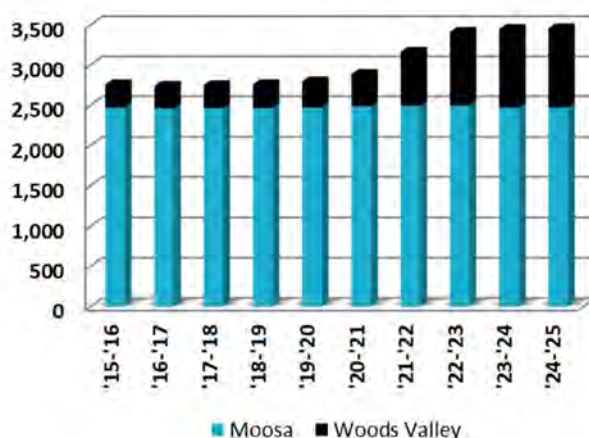
System Overview

- Aqueduct Connections: 7
- Miles of Water Main: 341
- Enclosed Reservoirs: 40
- Open Reservoirs: 1
- Pump Stations: 29
- Wastewater Treatment Facilities: 2
- Wastewater Connections: 3,458
- Miles of Wastewater Lines: 49
- 2024-25 Revenues: \$68.6 Million
- 2024-25 Expenses: \$55.8 Million

Active Water Meters



Wastewater Connections



FINANCIAL POLICIES

The District's Board of Directors has adopted a comprehensive set of financial policies. During the current year, three of these policies were of most significance.

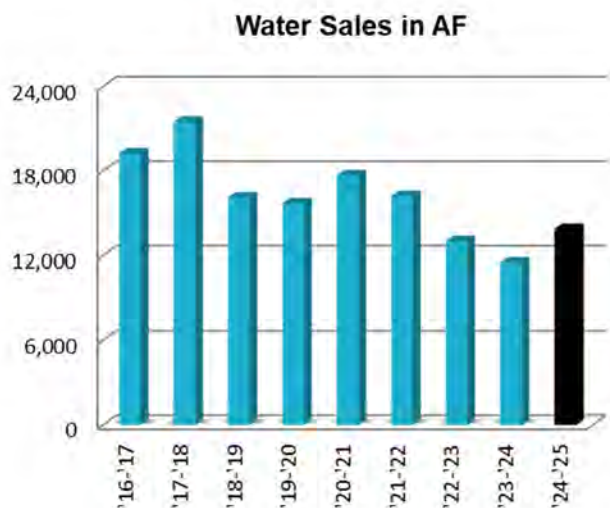
Budget – The Board of Directors annually adopts a Budget Policy that defines reserve requirements, outlines the budget process, and assigns control and accountability. Operating and capital budgets for the District are prepared by departments annually and are reviewed and modified by management before being compiled into a comprehensive document for approval by the Board. The annual budget document is adopted prior to the beginning of the fiscal year and provides the basis for prioritizing efforts, activities, financial resources, and personnel needs. Further information can be found in the budget, a copy of which is available on the District website at www.valleycenterwater.org.

Investment – Annually, the Board adopts an investment policy that is in compliance with California Government Code Section 53646(a)(2). The investment of idle funds is delegated to the District Treasurer, who further delegates the day-to-day operations of investment of public funds to Finance Department personnel. The District's investment policy is conservative in that the type of investments allowed in the policy is limited to those investments that carry the least risk while continuing to pay at least a market rate of return. The primary goals of the policy are: first, preservation of capital and second, to maintain enough liquidity to meet cash flow requirements. After these goals, investment income is considered. Refer to Note 2 in the Notes to the Financial Statements for detailed investment information.

Debt – The District established a formal Debt Policy that sets forth guidelines for the purpose, type, and management of debt used to finance the District's capital improvements program. Compliance with the policy is essential to ensure that the District maintains a sound debt position and that it preserves budgetary flexibility and its credit quality. The policy also establishes guidelines for its disclosure obligations and refunding of debt to reduce interest costs.

LOCAL ECONOMY AND OUTLOOK

Over the last decade, Valley Center has transitioned from being predominately agricultural to a more balanced rural-suburban and agricultural setting. Once over 90% of the water delivered by the District went to commercial agricultural users, now the mix is 56% agricultural and 44% domestic-commercial. The decline in agricultural use in Valley Center, as well as the nearby communities of Rainbow and Fallbrook, is due to rapid increases in wholesale water costs over the last 10 years, regulatory restrictions, labor costs and shortages, and market competition.

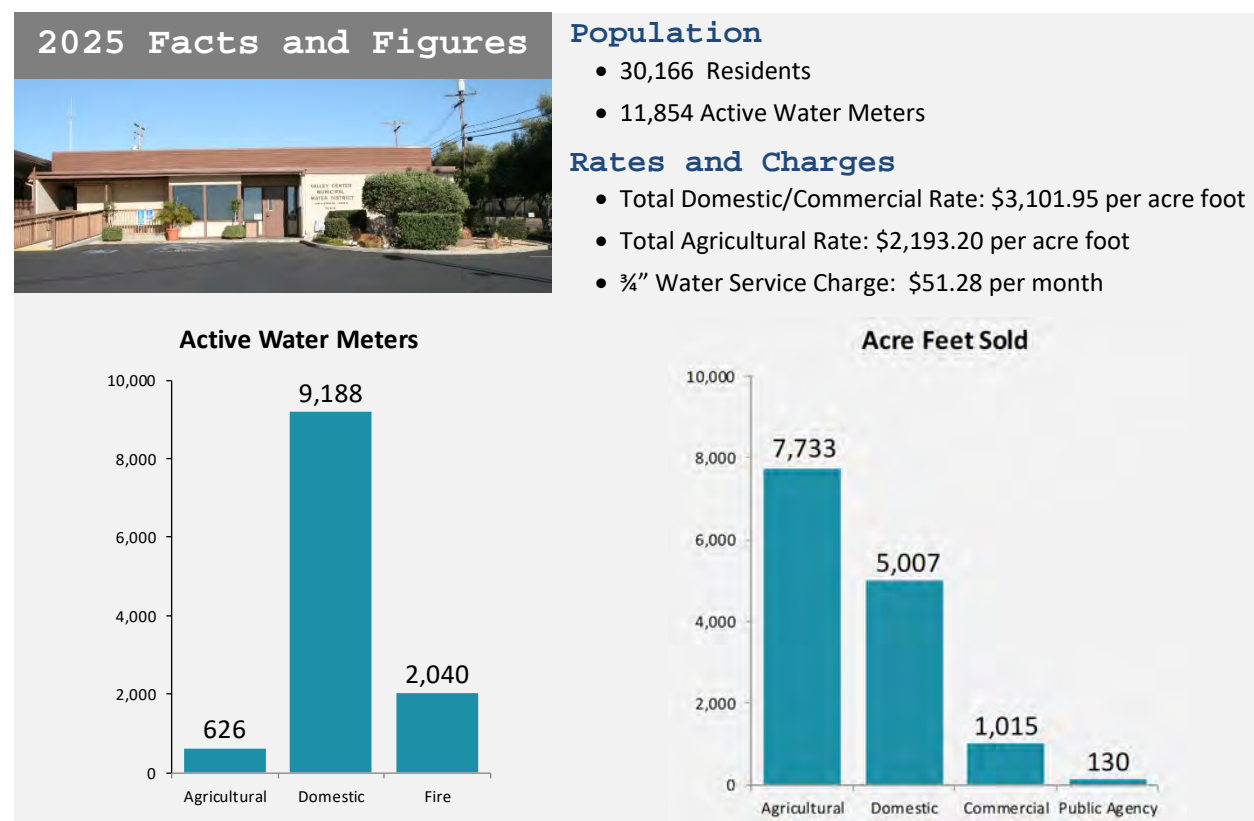


As a result, the District has seen a significant decrease in the volume of water deliveries to its customers. Water sales for the year ended June 30, 2025, totaled 13,885 acre feet. Compared to just 10 years ago, in Fiscal Year 2015-16 when the District sold 18,369 acre feet. Additionally, the volume of water purchased was 14,691 acre feet for the year ended June 30, 2025. By comparison, in Fiscal Year 2015-16, the District purchased 19,657 acre feet of water.

As of June 30, 2025, the estimated population of the area serviced by the District was 30,166. At June 30, 2025, unemployment in California was 5.8%, San Diego County was 4.9%, and the local rate in the Valley Center Census Designated Place (CDP) was 2.7%.

The District relies on the San Diego County Water Authority (SDCWA or “Authority”) as its’ sole source provider for treated potable water. The Authority imports water through the Metropolitan Water District of Southern California (MWD) system and its own aqueduct, storage, and treatment system. MWD obtains its imported water from two sources: the Colorado River Aqueduct and the State Water Project. These water sources have become increasingly unreliable in recent years as deteriorating ecological conditions have led to regulatory restrictions on pumping water supplies from the Bay-Delta and storage levels on the Colorado River System. The Bay-Delta is an inland river delta and estuary formed at the confluence of the Sacramento and San Joaquin Rivers east of San Francisco. It is a key water supply source for California including the millions of residents in San Diego County.

The Authority’s water supply portfolio also includes supplies secured in 2003 under the Quantification Settlement Agreement (QSA) from the Colorado River. These supplies include a water conservation and transfer agreement with the Imperial Irrigation District and water conserved by two projects, the All American Canal Lining Project and the Coachella Canal Lining Project.



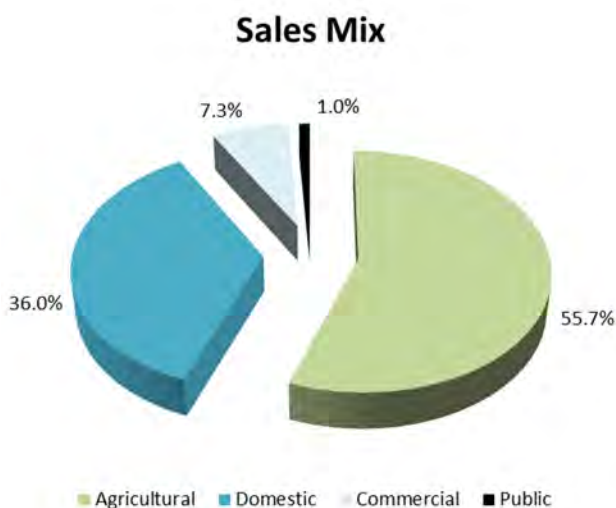
Additionally, the SDCWA added desalinated seawater to its water supply portfolio with the completion of the Carlsbad Desalination Plant in December 2015. This supply reduces the region's dependence on water from the Colorado River and the Bay-Delta that is vulnerable to droughts, natural disasters, and regulatory restrictions.

VCMWD and the entire California water community will continue to face challenges going forward. Uncertainties surrounding its main sources of imported water, the State Water Project and the Colorado River, the lack of enhancements to the statewide storage system in over 50 years, the effects of climate change, public environmental issues and state regulations concerning water use restrictions, increasing operating costs and depressing revenues all contribute to a difficult planning environment in which the cost of imported water is all but certain to continue to increase. Water shortages, both natural and man-made, continue to loom in the future. These factors have the potential to adversely impact the operations and finances of the District.

Financial and Economic Trends – Customer meter categories have stayed consistent with 72 new meter accounts having been established during 2024-25. This raised the total number of meter connections within the District to 12,792, of which 2,199 are fire meter accounts. Of the total meter accounts, 779 water service accounts and 159 fire service accounts are inactive, resulting in 11,854 revenue generating water meters at the close of the fiscal year. This is an increase of 41 active service accounts (12 water service and 29 fire) compared to the close of 2023-24.

Private development construction in fiscal year 2024-25 was less than in the prior year as the Park Circle Development nearly 100% complete by the end of the fiscal year. The District continued to process 10 private development projects containing a total of 531 units in various stages of completion, from concept approval to warranty period. Additionally, there are 4 projects with 517 units that are in the active planning stage and 16 inactive projects with 430 units.

For the fiscal year ended June 30, 2025, water sales were 13,885 acre feet, up 2,392 acre feet or 20.8% from sales of 11,493 acre feet in 2023-24. This increase is due in part to a 61% decrease in total rainfall for the year, 8.2 inches versus 20.8 inches in Fiscal Year 2023-24. Water deliveries are broken down as follows: 55.7% for agricultural purposes, 36.0% for domestic, 7.3% for commercial, and 1.0% for public use. The total cost of water purchased for the fiscal year was \$30.9 million, or 61.9% of the District's total water operating expenses (excluding depreciation).



SDCWA Permanent Special Agricultural Water Rate – The San Diego County Water Authority's Permanent Special Agricultural Water Rate (PSAWR) provides a rebate for qualifying agricultural water users. PSAWR customers do not pay for the full cost, nor do they benefit fully from, the SDCWA Emergency Storage or Carry-Over Storage Projects. In addition, the SDCWA melded rate reflects the costs of the supplemental supplies, such as those from the IID Transfer, the All-American-Coachella Canal Lining, and the Carlsbad Seawater Desalination project which PSAWR customers also do not pay.

In exchange for reduced rates, PSAWR customers agree to have their water supply reduced first and at a greater degree during droughts and other emergency situations. For calendar year 2024 the discount that certified agricultural customers received totaled \$676 per acre foot, based on water rates effective January 3, 2024. With the full PSAWR pricing differential, VCMWD participating agricultural customers will pay \$2,193.21 per acre foot, compared to the \$3,101.96 per acre foot that domestic/commercial customers will pay, a 29% reduction or savings of \$909 per acre foot in calendar year 2025.

Please refer to the MD&A in the financial section of this report for detailed schedules and analysis of the District's operating results for the fiscal year ended June 30, 2025.

Long-Term Capital Facility Planning and Financing – New capital improvement facilities are categorized as either, Replacement, System Upgrade or Expansion facilities. Replacement and System Upgrade facilities are currently funded from replacement and capital reserves, primarily on a pay as you go cash basis. These reserves are funded annually by a combination of capacity fees, water availability charges, property taxes, and excess operating and non-operating revenues. The District has increased its leverage of available funding through State Revolving Fund (SRF) financing by establishing a process to apply for funding on a yearly basis.

Facilities which are identified and budgeted annually for replacement are selected from a facility replacement priority list included in the District's Water Master Plan. In addition, the replacement of existing facilities can be triggered by the County of San Diego road improvement projects that require the relocation of facilities. Private development projects can also provide an opportunity to participate in the replacement of an existing facility or system upgrade when there is a benefit to the overall district system.

MAJOR INITIATIVES EFFORTS AND ACCOMPLISHMENTS

Water System Operations

Transmission, Distribution, and Storage Facilities Improvements – Major Capital improvement work completed during the fiscal year included the following projects: North County Emergency Storage Project (NCESP) 14" Pipeline Relocation, the painting and recoating of two reservoirs – McNally Reservoir and Mizpah Reservoir, and Alps Way Pipeline Replacement.



*NCESP – 14" Pipeline Relocation
Creek Crossing*



*Exterior Paint & Coat of
Mizpah Reservoir*



*Interior Paint & Coat of
McNally Reservoir*

North County Emergency Storage Project – The North County Emergency Storage Project (NCESP) is the last phase of the San Diego County Water Authority's Emergency & Carryover Storage Project (ESP), originating in 1992. The ESP is a system of interconnected pipelines, pump stations, and reservoirs connected to the regional water distribution system so water can continue to flow throughout the region, even if imported water supplies are disrupted.

Overall, the ESP increased local water storage to approximately 195,000 acre feet along with associated components necessary to convey it throughout the San Diego region. Since its inception, \$1.5 billion in notable facilities have been constructed; the San Vicente Dam Raise, Pipelines and Pump Stations; the Olivenhain Reservoir; and the Lake Hodges Pump Storage Facilities. One of the last projects of the final phase of the program will provide the District and Yuima Municipal Water District (YMWD) access to the additional storage in an emergency event.

The NCESP project involves pump station upgrades, and flow control facilities in multiple work areas throughout Valley Center, restoring flow to areas of the District and YMWD that could not be serviced by SDCWA during an ESP Event.

This phase was managed and implemented by the District, in partnership with YMWD, and funded by San Diego County Water Authority. SDCWA provided over \$12M for the design and construction of the facilities which are scheduled to be completed in the first quarter of 2026, six years since inception of the project and beginning of design and almost three years since initiating construction in June 2023. The project included the replacement and relocation of an inaccessible circa 1970 14-inch water main, fully funded by the District and completed in Fiscal Year 2024-25, to provide a more reliable supply to the area served by the project.



Ground and aerial views of the North County Emergency Storage Project – Muutama Flow Control Facility

Water Loss and Meter Replacement – The District continues to survey, verify, and change out the top users' water meters throughout the service area. Continued meter maintenance programs provide further field observation of District meters. Crews continue to evaluate and survey cross country water mains and their associated appurtenances, through its leak detection program, for potential leaks and cross-connections. Field personnel continue to aggressively monitor and inspect the distribution system through these various strategies. For Calendar Year 2024, unaccounted water loss was 3.4% of total water sold, less than the 4.1% reported for Calendar Year 2023.

Wastewater System Operations

Woods Valley Ranch Water Reclamation Facility – The Woods Valley Ranch Water Reclamation Facility provides wastewater service to the Woods Valley Ranch, Bear Peak and Park Circle Subdivisions and the North and South Village areas.

The service area is located in the central portion of Valley Center generally along Valley Center Road east of Cole Grade and south of Woods Valley Road. The facility was originally constructed in 2005 to service the 280-unit Woods Valley Ranch Subdivision and Golf Course. The facility was later expanded to its current capacity in 2017. The facility is permitted to treat up to 275,000 gallons per day (gpd) to Title 22 standards and the treated effluent is utilized for irrigation purposes at the Native Oaks Golf Club. Construction of the expansion was funded utilizing State Revolving Fund and Limited Obligation Bond debt financing secured by Assessment District No. 2012-1 annual assessments and Community Facilities District No. 2020-1 Annual Special Taxes. The funding commitments secured capacity reservations for 1,247 equivalent dwelling units (EDUs). Total allocated capacity of the facility is 1,527 EDUs.

New homes and businesses continue to be planned and constructed within the service area however at a much slower pace as the Park Circle Community is near completion. As of the close of the fiscal year, the facility served 939 domestic EDUs, 41 commercial units, and 4 public agencies, for a total of 984 EDUs. Compared to the prior fiscal year, which had 976 EDUs, that is an increase of 8, or 0.8%.



Entrance to the Park Circle Community.

Ultimate buildout of the service area is planned at 3,000 EDUs requiring a treatment capacity of 475,000 gpd. Construction of the expansion facilities is contingent upon development in the area and the availability of funding. Future discharge locations in addition to the Native Oaks Golf Club may include common area irrigation of nearby developments and roadway medians. At the close of Fiscal Year 2024-25, the District was in negotiations to revise the Recycled Water Use Agreement with the owners of the Native Oaks Golf Club to allow recycled water deliveries up to the future permitted capacity of the treatment facility, as much as 450,000 to 475,000 gpd.



Lower Moosa Canyon Water Reclamation Facility at sunrise.

Lower Moosa Canyon Water Reclamation Facility – The Lower Moosa Canyon Water Reclamation Facility, built in 1974, provides sewer services to the District's Interstate 15 corridor area, from the Lawrence Welk development on the southern end, east to Hidden Meadows, and north to Circle R Drive. The facility receives sewage from 2,474 connected customers via 21.6 miles of VCP and PVC gravity collection mains (varying in size from 8-inch to 18-inch), with over 500 manholes, and 2,200 laterals. It is permitted to treat up to 440,000 gallons per day (493 AFY) of domestic and commercial wastewater to secondary standards before discharge. Secondary effluent from the Lower Moosa WRF is discharged to percolation ponds which recharge the groundwater table in the San Luis Rey River watershed. This groundwater is not used for human consumption.

Customer water conservation efforts have significantly reduced influent flow rates per connection. As a result, capacity requirements for ultimate buildout in the service area are not expected to exceed the current waste discharge limits. However, while conservation efforts have reduced the hydraulic loading requirements on the facility, expansion of the solids handling portion of the facility will be needed as connections are added to the system and are planned to occur in the next five years. Recent facility improvements have been focused on the replacement of aging infrastructure.

During the fiscal year major capital improvement work completed included the following projects: Upgrade of Clarifier Number 2 and Improvements to the Chlorine Contact Tank.

Planning and design began on a proposed replacement and upgrade project for the Moosa and Meadows Lift Station Facility. Construction cost of the project is estimated at \$6M to \$7M, with construction scheduled to begin in early Fiscal Year 2026-2027. Improvements at the Moosa facility include replacement of the headworks facility with an influent lift station, flow equalization and grit removal, with ancillary support improvements to the electrical system, and aeration and waste activated sludge pumps. Meadow Lift Station will see the replacement of the electrical system, addition of an inline grinder, replacement of the above ground piping, site grading and paving replacement. Funding for the project would come from debt financing utilizing the replacement reserve funds and the recently implemented Capital Improvement Charge for repayment.



Moosa Clarifier No. 2 Upgrade

Development Planning and Construction Projects

Development activity was minimal during the fiscal year due to regional economic factors, with the exception of the South Village Area of the District served by the Woods Valley Ranch Water Reclamation Facility. Developers in other parts of the District continued their pursuit of land use entitlements from the County with minimal interactions required of the District. Several projects renewed their plan approvals to maintain their entitlements and the ability to start construction at a later date.

North and South Village Areas – Several developments in the District’s North and South Village Areas are planned to move forward in the upcoming fiscal year:

- **Touchstone Communities** has completed the Park Circle East/West development in the South Village Area. Park Circle West is a 300-unit residential subdivision and Park Circle East is a mixed-use development of 332 residential units, 4.2 acres of commercial area and 5 acres of parks and recreational facilities. Six major merchant builders purchased lots within the development and began model and production home construction in October 2020, with approximately 609 new homes are occupied at the end of Fiscal Year 2024-2025.
- **North Ranch Estates**, previously Weston Towne Center, is a planned mixed-use development in the North Village area on the north side of Valley Center Road with both residential and commercial development. North Ranch Estates has a wastewater capacity allocation of 271 EDUs. The owners of the proposed development continue to evaluate development options.
- The **North Village Station** project is a proposed 80 unit office/professional and commercial development on the south side of Valley Center Road, just west of Indian Creek Road. The developer continued processing their site plan through the County to complete the development entitlements for their project.

ACCOUNTING SYSTEMS

District records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the cost of providing water and wastewater services to the customers of the District are financed primarily through user charges. Revenues and expenses are recognized on the accrual basis in that both are recognized in the accounting period they are earned or incurred. Capital assets are recorded in the fund purchasing the asset.

As an enterprise fund, the District maintains a self-balancing set of accounts established to record the financial position and results that pertain to each activity. The activities of enterprise funds are similar to regular businesses, whereby a governmental agency collects sufficient revenues through user charges to pay for operating expenses and maintain infrastructure in order to sustain operations.

INTERNAL CONTROLS

Valley Center Municipal Water District operates within a system of internal accounting controls established and continually reviewed by management, to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded correctly according to District policies and procedures. When establishing or reviewing control, management must consider the cost of the control and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls whose value adequately exceeds their cost.

BUDGETARY CONTROLS

On an annual basis, the District's Board of Directors adopts a budget that is prepared on a departmental level. Although the District is not legally required to adopt and adhere to a budget or report on compliance with any prepared budgets, the Board of Directors chooses to approve a budget to be used solely as a management tool. Depending upon the timing and level of the demand for water services, the revenues and expenditures may vary significantly and cannot be strictly controlled by means of detailed and rigid appropriations. Therefore, the budget must be viewed as an estimate only. Budget appropriations for major capital projects continue from year to year until the project is completed.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Center Municipal Water District for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Valley Center Municipal Water District has received a Certificate of Achievement each year since 1992. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Valley Center Municipal Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

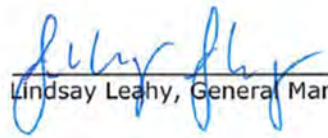
Christopher P. Morill

Executive Director/CEO

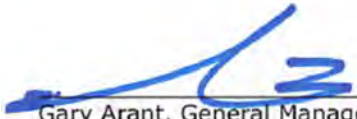
ACKNOWLEDGMENTS

We would like to express our appreciation to all members of the District's staff, particularly the members of the Finance Department who have participated in the preparation of this report. Special thanks are extended to the members of the District's Board of Directors for their continued interest and support in all aspects of the District's financial management.

Respectfully Submitted:



Lindsay Leahy, General Manager



Gary Arant, General Manager (Fiscal Year 2024-2025)



James V. Pugh, Director of Finance and Administration

*Our mission is to ensure customer satisfaction
through quality service at the lowest possible cost.*

STRATEGIC PLAN PERFORMANCE MEASUREMENT STANDARDS RESULTS FOR CALENDAR YEAR ENDED DECEMBER 31, 2024

1. CUSTOMER SATISFACTION - Our standard will be that our service “meets” or “exceeds expectations” 95% of the time, based upon the “Customer Comment Card” responses.#

Survey responses show the District met or exceeded the standard 100.0% of the time.

2. WATER LOSS – Report annually for the past 10 years of unknown water loss in terms of percent of water sold, acre feet, and value of water loss, as well as efforts to minimize and reduce unknown water loss wherever possible.

Unaccounted water loss for 2024 totaled 454.3 acre feet, 3.4% of total water sold, representing \$737,776.

3. DISCRETIONARY RESERVES - Unrestricted or uncommitted reserves not anticipated to be used in the current fiscal year equal to a minimum three and a maximum six months’ operations and maintenance expenses (excluding wholesale water and power purchases).

Discretionary Reserves as of December 31, 2024 represents 4.6 months operating and maintenance expenses.

4. RETURN ON INVESTMENTS - While seeking to preserve capital and maintain a level of liquidity necessary to meet cash flow requirements, our rate of return, on an annualized basis, shall be at least equal to the average rate of return on one year U.S. Treasury Bonds

The weighted average return on all investments for calendar year 2024 was 4.377% as compared to the 12-month rolling average U.S. Treasury Bonds of 4.693%.

5. LOCAL COMMODITY RATE for LOCAL OPERATING and MAINTENANCE COSTS - We will hold the local share of total commodity costs as low as possible, but at no time will the local rate be more than 15% of total water commodity cost for Municipal & Industrial and 18% for Certified Agricultural.

The District’s component of the water rate for operating costs is currently 10.3% of Municipal & Industrial and 13.8% of Certified Agricultural.

6. PUMP EFFICIENCY - Through ongoing testing, adjusting, and maintenance, we will maintain pump efficiency above 95% of the design criteria.

Our pump efficiency was 106.4% of design criteria.

7. SOLAR ENERGY PRODUCTION – District owned and operated solar arrays shall be maintained at 90% of scheduled production which reflects array location and anticipated production loss due to panel age.

Of the six District-owned Solar Arrays, with a total capacity of 331.5kWdc, all six exceeded 90% of the low range of anticipated production.

8. PROJECT ACTUAL COST - $\pm 10\%$ of Engineer’s cost estimate.

Five projects were completed in calendar 2024 at 4.2% over the Engineer’s estimate.

9. CAPITAL IMPROVEMENT PROJECTS – Project timelines shall be under contract within 12 months of budget approval (new).

Of the fifteen Engineering Department projects with approved funding, all but three were under contract within 12 months.

10. WATER SERVICE RELIABILITY GREATER THAN 99% - We will strive to maintain water service to all customers at greater than a 99% reliability level. This will be measured based upon total hours of service interruption against all service hours in a given measurement period.

For Calendar Year 2024 service reliability was 99.999%.

11. LOST-TIME ACCIDENTS LESS THAN 1% OF TOTAL HOURS WORKED.

The District had four recordable accidents with one lost-time accident, representing 0.53% of the total hours worked, in calendar 2024.

12. COMPLIANCE WITH ALL STATE & FEDERAL REGULATIONS.

100%.

DISTRICT OFFICIALS



Enrico P. Ferro
President
Division 4
Since 2016



Daniel E. Holtz
Vice President
Division 5
Since 2018



Oliver J. Smith
Director
Division 3
Since 2018



Cooper T. Ness
Director
Division 2
Since 2022



Alysha M. Stehly
Director
Division 1
Since 2024

Years of Service

9

7

7

3

1

Term Expires

December 2028

December 2026

December 2026

December 2026

December 2028

EXECUTIVE MANAGEMENT

Lindsay Leahy
General Manager
0 years of service

Gary T. Arant (Fiscal Year 2024/25)
General Manager
36 years of service

Wally T. Grabbe
District Engineer
Deputy General Manager
33 years of service

James V. Pugh
Director of Finance & Administration
Treasurer
22 years of service

Vanessa Velasquez
Manager of Accounting/Deputy
Director of Finance & Administration
10 years of service



Brian E. Lovelady
Director of Operations/Facilities
36 years of service

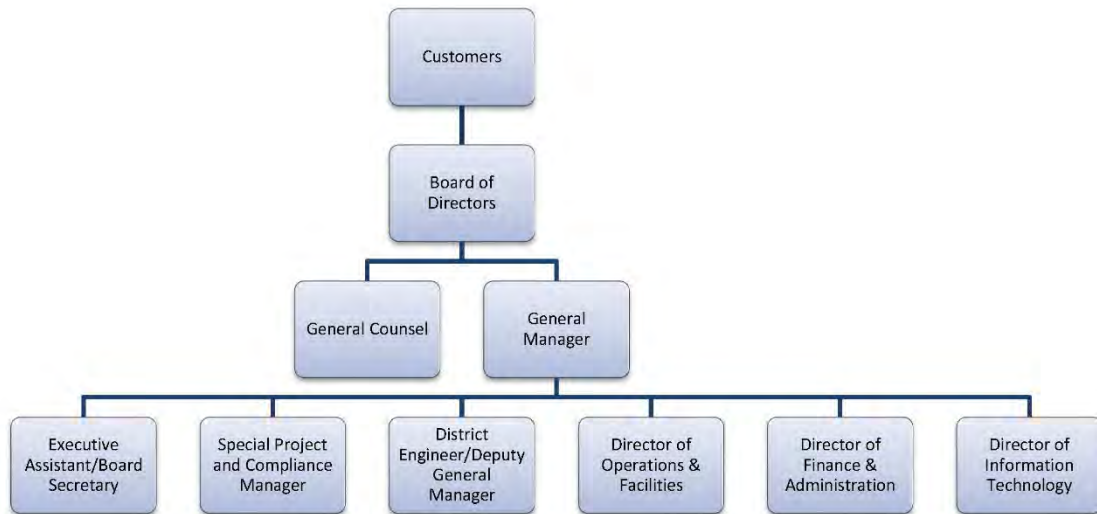
Ando Pilve
Director of Information Technology
17 years of service

Kirsten N. Peraino
Executive Assistant
Board Secretary
5 years of service

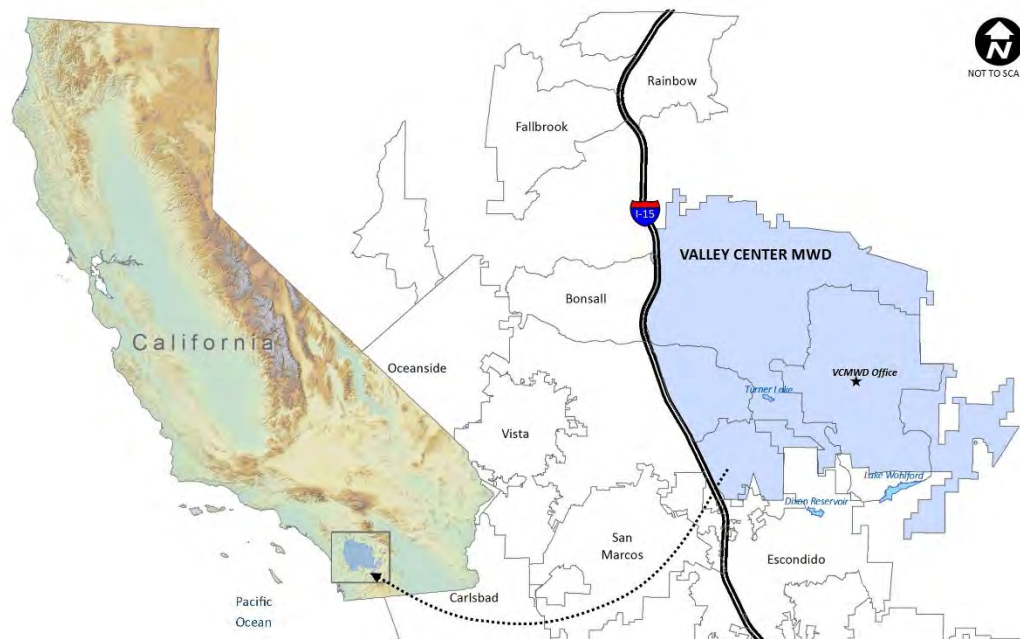
GENERAL COUNSEL

Paula C.P. de Sousa
Best, Best & Krieger, LLP
15 years

DISTRICT ORGANIZATION CHART



DISTRICT SERVICE AREA



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Financial Section



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Independent Auditor's Report

Board of Directors
Valley Center Municipal Water District
Valley Center, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activity and the aggregate remaining fund information of Valley Center Municipal Water District ("the District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activity and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described further in Note 1 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of Plan's Proportionate Share of the Net Pension Liability*, *Schedule of Contributions to the Pension Plan*, *Schedule of Changes in the District's Net OPEB Liability and Related Ratios*, and *Schedule of OPEB Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Change in Net Position, Combining Statement of Fiduciary Net Position, and Combining Statement of Changes in Fiduciary Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Change in Net Position, Combining Statement of Fiduciary Net Position, and Combining Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Change in Net Position, Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
November 17, 2025

Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the Management's Discussion and Analysis (MD&A) is to provide highlights of the financial activities for the Fiscal Year (FY) ended June 30, 2025, of the Valley Center Municipal Water District (District). Readers are encouraged to read this section in conjunction with the Letter of Transmittal located in the front of this report and the accompanying basic financial statements.

DISTRICT OPERATIONS – AN OVERVIEW

The District operates under the authority of the State of California Water Code and engages in various activities including providing water to its domestic, agricultural, and commercial customers; along with wastewater collection, treatment, reclamation, and disposal in a service area that encompasses approximately 101 square miles.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial statements conform to accounting principles, which are generally accepted in the United States of America and consist of three interrelated statements designed to provide the reader with relevant, understandable data on the District's financial condition and operating results. There are three required components to these statements: the MD&A, the Financial Statements, and the Notes to the Financial Statements.

The **Statement of Net Position** includes information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Net Position** identifies the District's revenues and expenses for the fiscal year ended June 30, 2025. It provides information on operations over the past fiscal year and can be used to determine whether the District has recovered its actual and projected costs through user fees and other charges.

The **Statement of Cash Flows** provides information regarding the District's cash receipts, cash disbursements, and changes in cash resulting from operations, investing and financing activities during the fiscal year. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the changes in the cash balance of the last fiscal year.

Notes to the Basic Financial Statements (Notes) provide additional information that is essential to a full understanding of the information provided in the basic statements. The Notes also provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

In addition, the District reports information on Fiduciary Fund types. This consists of two additional statements; **Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position**. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

FINANCIAL HIGHLIGHTS

The District's financial operations remained sound during Fiscal Year 2024-25. Sources of revenues were sufficient to cover combined operating and non-operating costs with an increase in net position of \$12,779,072, due largely to capital contributions.

Water System Operations

New water services added this year totalled 72, representing a 0.6% increase in the number of accounts it serves; compared to the prior year's increase of 165 accounts, representing a 1.3% increase. Total water services now equal 12,792 accounts, of which 11,854 are active and 938 inactive. During Fiscal Year 2024-25, water sales totalled 13,885 acre feet (AF) increasing 20.8%, or 2,392 AF from the previous year.

Water demand in the District's service is largely influenced by temperature and rainfall given the rural-agricultural nature of the community. The annual rainfall during the fiscal year was down totaling 8.2 inches compared to the prior year of 20.8 inches, a 60.6% decrease. The average temperature was 63.2 degrees during Fiscal Years 2024-25 compared to 62.0 degrees in Fiscal Year 2023-24.

Cost of Water Sold is the District's highest single water operating expense. In January 2025, wholesale treated water rates from the San Diego County Water Authority increased 16.1% for domestic customers and 9.0% for certified agricultural customers. The total Cost of Water Sold during FY 2024-25 was \$30,868,413, or 29.4% higher than the previous year. The total amount of water purchased during the year was 14,691 AF compared to 12,236 AF in the previous year.

Wastewater System Operations

The original capacity of the Woods Valley Ranch Water Reclamation Facility provided wastewater service for 280 equivalent dwelling units generating annual sewer service charge and sewer standby fee revenue of \$330,660. With completion of the Woods Valley Ranch Expansion Project, wastewater capacity was made available for an additional 1,247 units. At full buildout the total annual sewer service charge revenues would increase to \$1.8M.

All components of the Woods Valley Ranch Expansion Project funded from the SRF Loans and Limited Obligation Bonds have been completed, with the exception of the North Village Lift Station design. Funds will remain available to design the facility. Once development planning for the lift station site area is complete and approved by the County of San Diego the site and access easement can be dedicated to the District. Construction of the lift station will be the responsibility of the benefiting property owners.

The Park Circle Development will require 220 additional units of capacity above the capacity available from the Woods Valley Ranch Wastewater Expansion Project. The additional capacity is to be constructed as part of a Phase 3 Expansion Project. Construction timing for the expansion facilities, secured by the formation of CFD 2020-1, will depend on the level of buildout within the Woods Valley Ranch Sewer Service Area.

Construction of the Phase 3 Facilities will be delayed until the actual flow rates generated in the service area approach the capacity of the existing facilities. The developer has posted a financial security to fund the costs that cannot be included in a future CFD Bond for the Phase 3 Facilities.

Sources of Revenue

Combined Revenues by Category

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	% Change
Water Sales (Acre Feet)	13,885	11,493	2,392	20.8%
Revenues by Category:				
Water sales and pumping charges	\$36,482,154	\$27,646,096	\$8,836,058	32.0%
Meter service charges	8,903,965	8,190,391	713,574	8.7%
Meter installation fees	363,814	477,360	(113,546)	-23.8%
Other water operating revenues	1,391,954	674,435	717,519	106.4%
Wastewater charges	4,736,908	4,500,955	235,953	5.2%
Property taxes and assessments	4,667,255	4,486,949	180,306	4.0%
Investment income (loss)	2,204,111	2,046,267	157,844	7.7%
Other nonoperating revenues	412,972	397,513	15,459	3.9%
Gain (loss) on disposal of capital assets	(33,918)	56,480	(90,398)	-160.1%
Total Revenues	59,129,215	48,476,446	10,652,769	22.0%
Capital contributions	9,394,341	4,261,441	5,132,900	120.5%
Total Revenues & Capital Contributions	\$68,523,556	\$52,737,887	\$15,785,669	29.9%

Combined revenues (excluding capital contributions) for the fiscal year totaled \$59,129,215, an increase of \$10,652,769 or 22.0% from the previous year. Details of this increase in revenues are as follows:

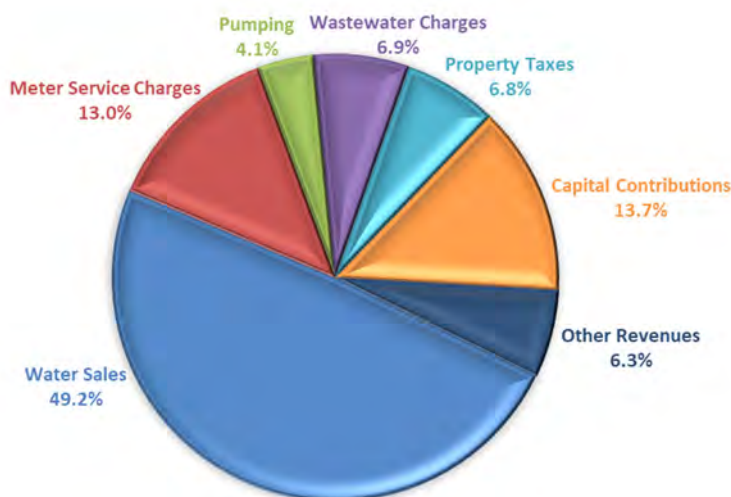
Water sales and pumping revenue increased 32.0% or \$8,836,058, from the prior year as the sales volume increased by 2,392 acre feet. The lower than average rainfall directly affects agricultural sales which is still the largest majority of the Districts sales mix. The increase is due to the relatively dry weather conditions experienced during Fiscal Year 2024-25. Sales to Certified Agricultural customers increased 1,373 AF for a total of 7,733 AF from 6,360 AF in the prior year, representing a 21.6% increase.

Meter service charges of \$8,903,965 were \$713,574, or 8.7%, higher than the prior fiscal year. The majority of this increase is due to the implementation of a new charge, the MWD Fixed Charge Passthrough, that went into effect on January 1, 2025. Additionally, the monthly meter service charges increased 5.1% on the same day. Furthermore, the number of active meters increased by 41 bringing the Fiscal Year 2024-25 count to 11,854 from 11,813 in the prior year.

Meter installation fees for the year were down 23.8%, or \$113,546, from the prior year due to a decrease in the amount of new water meters and backflow devices purchased and installed. The majority of which are attributable to the near completion of the Park Circle development.

Other Water Operating Revenues increased by 106.4%, or \$717,519, as a result of higher delinquency fees and the one-time revenues of \$520,000 that were received from Bond proceeds for reimbursement of District expenses for the construction of the Orchard Run Lift Station.

Source of Revenues Fiscal Year Ended June 30, 2025



Wastewater charges are up by 5.2% or \$235,953. This increase is primarily due to two reasons, one being the collection of the Capital Improvement Charge which was implemented for the first time on January 3, 2024. This charge generated \$356,000 in Fiscal Year 2024-25, which was the first full fiscal year that the charge was collected. Second, a 5.1% increase to the wastewater service charges and the low-pressure sewer system charge went into effect on January 1, 2025 resulting in increased revenue from wastewater charges. Additionally, total active service connections increased slightly in the Woods Valley Ranch service area. The number of active meters increased by 8 bringing the Fiscal Year 2024-25 count to 984 as compared to 976 in the prior year.

Property taxes and assessments increased by 4.0%, or \$180,306. This increase is due to the increase in Total Assessed Value as a result of the completion of the final phases of the Park Circle Development, resulting in higher Current Secured Property Tax Revenue than normal. For all Fixed Charge Special Assessments (excluding the CFD 2020-1 Special Tax), the District has adopted San Diego County's Teeter Plan, an alternative method of distribution of tax levies and collections under which the County advances 100% of the secured tax levies due to the District each year without consideration for delinquencies.

Investment income was up 7.7%, or \$157,844, compared to the prior year. The increase is due to a higher yield on investments, as the average yield increased from 4.1% in Fiscal Year 2023-24 up to 4.4% in Fiscal Year 2024-25. The majority of the District's investments are held in the California Asset Management Program, the San Diego County Investment Fund, Certificates of Deposits, and Treasuries.

Other nonoperating revenues increased 3.9%, or \$15,459 due to increased lease fees collected from the lease of facilities for cellular sites. All cellular site lease agreements include a factor of annual fee escalations.

Gain (loss) on disposal of capital assets decreased by 160.1%, or \$90,398, as a result of the disposal of assets that were replaced or disposed of before being fully depreciated.

Functional Expenses

Combined Expenses by Category

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	% Change
Water Purchased (Acre Feet)	14,691	12,236	2,455	20.1%
<u>Expenses by Category:</u>				
Cost of water sold	\$30,868,413	\$23,863,733	\$7,004,680	29.4%
Energy and pumping costs	2,901,876	2,921,438	(19,562)	-0.7%
Water systems operations	6,845,634	6,306,714	538,920	8.5%
Wastewater collection and treatment	2,045,940	1,840,953	204,987	11.1%
Engineering	2,568,629	2,354,138	214,491	9.1%
General and administrative	4,641,692	3,925,539	716,153	18.2%
Depreciation	5,315,902	5,131,346	184,556	3.6%
Interest expense	556,398	496,041	60,357	12.2%
Total expenses	<u>\$55,744,484</u>	<u>\$46,839,902</u>	<u>\$8,904,582</u>	<u>19.0%</u>

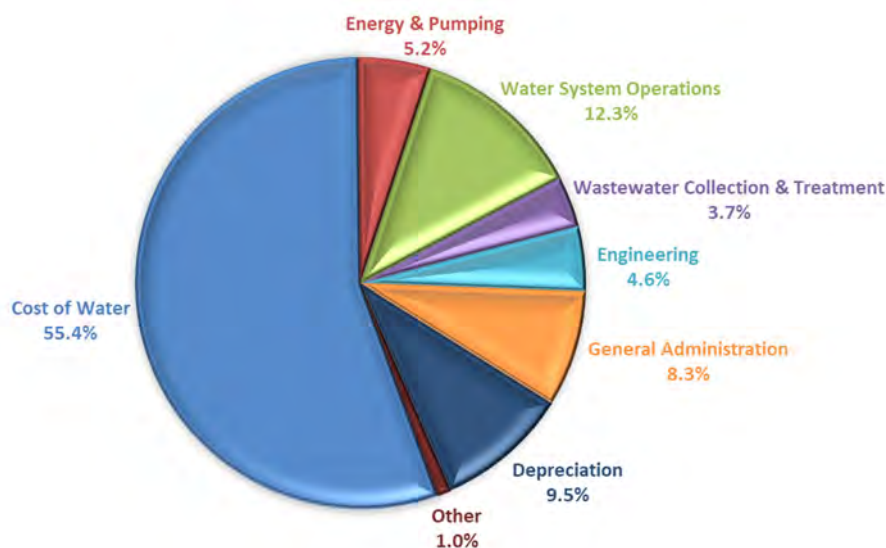
The **Cost of water sold** increased 29.4% compared to the prior year. Water purchases were up 2,455 AF, or 20.1%, over the prior year, while wholesale water prices were also up. In Fiscal Year 2023-24, the District purchased 12,236 AF of water at an average price of \$1,950 per acre foot. In the current year, the District purchased 14,691 AF of water at an average price of \$2,101 per acre foot, an increase of 7.7% or \$151 per acre foot. The average price per acre foot is impacted by the fixed components of the San Diego County Water Authority (SDCWA) rate that the District must pay regardless of the volume of water purchased. These fixed components include customer service, emergency storage, and supply reliability charges by the SDCWA.

Agricultural discounts passed through to District customers from the SDCWA on their melded water rate during the year were \$2,697,478 on 7,733 AF of sales. This cost reduction for agricultural water is passed through to the District's certified agricultural customers and is included in the Cost of water sold. The agricultural discount is higher than the previous year, \$909 in Calendar Year 2025 compared to \$676 in 2024, as all three components (the SDCWA melded supply rate, emergency storage, and supply reliability) which agricultural customers do not pay, increased on January 1, 2025.

Energy and pumping costs during Fiscal Year 2024-25 were 0.7%, or \$19,562, lower than in Fiscal Year 2023-24. This is a result of a 25% decrease to the SDG&E rates that went into effect in March 2024. The savings from that rate decrease were offset by rate increases later in Fiscal Year 2024/25 as well as higher sales volume compared to the prior year which resulted in more energy requirements to pump the water through the distribution system.

Water systems operations expenses increased \$538,920, or 8.5%, over Fiscal Year 2023-24. The increase is due to higher labor and benefits, maintenance of facilities and improvements, and software technical support costs.

Source of Expenses Fiscal Year Ended June 30, 2025



Combined **wastewater collection and treatment** costs for Lower Moosa and Woods Valley Ranch were \$204,987 or 11.1%, higher than the prior year. The increase is a result of increased labor and benefits, maintenance of facilities, and outside professional services.

Engineering expenses for Fiscal Year 2024-25 were up 9.1%, or \$214,491, compared to Fiscal Year 2023-24. This increase is a result of increased capital planning expenses that were partially offset by decreased labor & benefits.

General and Administrative expenses increased 18.2%, or \$716,153, primarily due to higher labor and benefits and OPEB expenses, which were partially offset by lower Pension expenses. The District's net pension liability for the risk pool is measured as the proportionate share of the risk pools net pension liability. Under GASB 68, gains and losses related to the changes in total pension liability and fiduciary net position are recognized as a pension expense systematically over time. Similar gains and losses are recognized for OPEB expenses. These systematic adjustments are not cash transactions, rather gains and losses that reflect the overall performance of the plans at the measurement date. More detailed information concerning the Pension and OPEB Plans can be found in Notes 8 and 9 of the Notes to the Financial Statements.

Other factors that resulted in the overall increase to general and administrative expenses were increases to legal services and insurance premiums that were partially offset by decreases to membership fees and dues and outside services.

Depreciation expenses increased by \$184,556, or 3.6% compared to the prior year. This was due to the purchase of new equipment and completed projects in both the current and prior fiscal year.

Interest expense increased by \$60,357, or 12.2% as a result of construction period interest paid on the latest State Revolving Fund (SRF) Loan used to fund the 2020 Pipeline Projects. That payment was partially offset by decreases to the regularly scheduled amortization payments made during the year on the other SRF Loans.

Statement of Revenues, Expenses and Changes In Net Position

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	% Change
<u>Operating Revenues:</u>				
Water sales and pumping charges	\$36,482,154	\$27,646,096	\$8,836,058	32.0%
Meter service charges	8,903,965	8,190,391	713,574	8.7%
Wastewater charges	4,736,908	4,500,955	235,953	5.2%
Meter installation fees	363,814	477,360	(113,546)	-23.8%
Other water operating revenues	1,391,954	674,435	717,519	106.4%
Total operating revenues	51,878,795	41,489,237	10,389,558	25.0%
<u>Operating Expenses:</u>				
Cost of water sold	30,868,413	23,863,733	7,004,680	29.4%
Energy and pumping costs	2,901,876	2,921,438	(19,562)	-0.7%
Water systems operations	6,845,634	6,306,714	538,920	8.5%
Wastewater collection and treatment	2,045,940	1,840,953	204,987	11.1%
Engineering	2,568,629	2,354,138	214,491	9.1%
General and administrative	4,641,692	3,925,539	716,153	18.2%
Depreciation	5,315,902	5,131,346	184,556	3.6%
Total operating expenses	55,188,086	46,343,861	8,844,225	19.1%
Operating (Loss)	(3,309,291)	(4,854,624)	1,545,333	31.8%
<u>Nonoperating Revenues and (Expenses):</u>				
Property taxes and assessments	4,667,255	4,486,949	180,306	4.0%
Investment income (loss)	2,204,111	2,046,267	157,844	7.7%
Other nonoperating revenues	412,972	397,513	15,459	3.9%
Interest expense	(556,398)	(496,041)	(60,357)	-12.2%
Gain (loss) on disposal of capital assets	(33,918)	56,480	(90,398)	-160.1%
Total Nonoperating Revenues and (Expenses)	6,694,022	6,491,168	202,854	3.1%
Income Before Contributions	3,384,731	1,636,544	1,748,187	106.8%
Capital contributions	9,394,341	4,261,441	5,132,900	120.5%
Change in Net Position	12,779,072	5,897,985	6,881,087	116.7%
Net Position at Beginning of Year	97,163,126	91,265,141	5,897,985	6.5%
NET POSITION AT END OF YEAR	\$109,942,198	\$97,163,126	\$12,779,072	13.2%

The District's **Net Position** at June 30, 2025 totaled \$109,942,198, an increase of \$12,779,072, or 13.2%, from the previous year. The increase is largely due to the capital contributions of \$9,394,341 stemming from the completion of the Orchard Run Lift Station and various developer funded improvements completed as part of the Park Circle Development. The remaining \$3,384,731 is due to income before contributions with \$2,403,497 coming from the General Fund, \$201,383 from the Lower Moosa Wastewater Fund, and \$779,851 coming from the Woods Valley Ranch Wastewater Fund.

Condensed Statement of Net Position

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	% Change
Current Assets	\$49,930,692	\$49,355,074	\$575,618	1.2%
Restricted Assets	620,576	1,018,814	(398,238)	-39.1%
Long-Term Receivables	11,893,756	11,369,880	523,876	4.6%
Capital Assets	122,601,213	119,322,852	3,278,361	2.7%
Total Assets	185,046,237	181,066,620	3,979,617	2.2%
Deferred Outflows of Resources	9,281,982	10,972,912	(1,690,930)	-15.4%
Current Liabilities	19,846,074	34,629,213	(14,783,139)	-42.7%
Long-term Debt	24,888,634	18,553,549	6,335,085	34.1%
Other Noncurrent Liabilities	30,268,426	31,572,740	(1,304,314)	-4.1%
Total Liabilities	75,003,134	84,755,502	(9,752,368)	-11.5%
Deferred Inflows of Resources	9,382,887	10,120,904	(738,017)	-7.3%
Net Position:				
Net investment in capital assets	94,979,261	98,661,084	(3,681,823)	-3.7%
Restricted for facility expansion	620,576	1,018,814	(398,238)	-39.1%
Unrestricted	14,342,361	(2,516,772)	16,859,133	669.9%
Total Net Position	\$109,942,198	\$97,163,126	\$12,779,072	13.2%

Total Assets:

Current Assets were up \$575,618, 1.2%, largely due to an increase in accounts receivable at year end compared to the prior fiscal year end.

Restricted Assets decreased by 39.1%, \$398,238, due to a decrease at year end in the Reserve for Water Fund Capacity Charges, which are generated from the sales of new meters and are used to fund capital projects.

Long-Term Receivables increased \$523,876, 4.6%, due to the renewal of two lease receivables both at 15-year terms.

Capital Assets were up by 2.7%, or \$3,278,361, as a result of increased Capital Assets placed in service during Fiscal Year 2024-25 partially offset by decreased Construction in Progress compared to Fiscal Year 2023-24.

Total Liabilities:

Current Liabilities decreased \$14,783,139, 42.7%, due to decreased accounts payable and customer deposits related to the North County Emergency Storage Project which is near completion and the completion of the 2020 Pipeline Replacement Program that now has related long-term debt instead. Additionally, the District reimbursed \$3,800,000 in developer deposits related to the completion of the Orchard Run Lift Station and Bond Sale.

Long-term Debt at the end of the year was up 34.1%, or \$6,335,085, as a result of the completion of the 2020 Pipeline Replacement Program and the new related SRF Loan.

Other Noncurrent Liabilities decreased 4.1%, or \$1,304,314, as a result of a decrease in Net Pension and OPEB liabilities.

More detailed information concerning the Deferred Outflows and Inflows of Resources can be found in Notes 8 and 9 of the Notes to the Financial Statements.

LONG TERM DEBT

At June 30, 2025 the District had \$26,470,847 of installment sales agreements consisting of five debt instruments; two for water facilities and three for wastewater facilities. More detailed information regarding long-term debt activity is presented in Note 5 to the financial statements.

Water Facilities

The new Drinking Water State Revolving Fund (DWSRF) Loan was used for the 2020 Pipeline Replacement Program, which included the Oat Hill Discharge, Alps Way, Gordon Hill Road, and the Lilac Road Pipeline Replacement Projects. This loan is for \$7,963,750 is payable over a thirty-year term (beginning in November 2025 and ending November 2054) at an annual interest rate of 1.2%. Annual debt service is \$214,200 and the remaining balance at the close of Fiscal Year 2024-25 is \$7.96M.

Staff is continuing to process another DWSRF Loan application for the 2023 Water Facility Replacement Program, which will include the Old Castle Phase 2 Pipeline Replacement project for an anticipated loan amount of \$5,525,000. Approval from the State Water Resources Control Board is anticipated in Fall 2025.

As of June 30, 2025, the District had no general obligation bonded debt. As the District has issued no bonded debt for public placement since 1968, it is not rated by any investment rating service.

Community Facilities District No. 2020-1

The construction of the Orchard Run Lift Station was initially funded by the developer and was ultimately acquired by Community Facilities District No. 2020-1 (CFD 2020-1). In December 2024, Special Tax Bonds were issued by CFD 2020-1 under the Securities Exchange Act of 1934 and the developer was subsequently reimbursed. The Bonds are repayable over a thirty-year term (beginning March 2025 and ending September 2054) at an annual interest rate of 4.4%. These bonds are not an obligation of the District but are secured by annual special taxes that are billed to and collected from property owners within the community facilities district and are presented on the Fiduciary Statements of this report. More detailed information regarding Community Facilities District 2020-1 is presented in Note 6 to the financial statements.

CAPITAL ASSETS

Capital assets include land, transmission and distribution system, general plant, and construction-in-progress. At June 30, 2025, the District had \$238,399,824 in capital assets with \$115,798,611 of accumulated depreciation. This represents a net increase (additions less deductions) of \$3,278,361 over the prior year. Annual depreciation usually approximates the amount transferred to reserves and in turn is reinvested in the capital plant.

Capital Assets

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	% Change
Land	\$7,967,130	\$7,967,130	\$0	0.0%
Construction in progress	3,780,449	6,498,617	(2,718,168)	-41.8%
Transmission and distribution system	207,710,258	197,231,963	10,478,295	5.3%
Right to use leased asset	185,882	185,882	0	0.0%
General plant	18,756,105	18,353,186	402,919	2.2%
Total assets	<u>\$238,399,824</u>	<u>\$230,236,778</u>	<u>\$8,163,046</u>	<u>3.5%</u>

Significant additions to general plant and transmission and distribution include the North County Emergency Storage Project 14" Pipeline Relocation; the painting and recoating of two reservoirs – McNally Reservoir and Mizpah Reservoir; the Alps Way Pipeline Replacement; and the Upgrade of Clarifier Number 2 and Chlorine Contact Tank at the Lower Moosa Canyon Water Reclamation Facility; as well as various contributed capital projects related to the Park Circle Development.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

Rates are set annually based upon anticipated water demands, known and anticipated wholesale water and power costs increases from its suppliers, and estimated cost increases for the local labor, materials, chemical and operational cost increases. A significant reduction in consumption could have an adverse effect on the District's financial position in a given fiscal year. However, any long-term impact will be counter-balanced to the District's diversified revenue portfolio, presence of non-commodity service charge, tax and standby/availability charge revenues. Additionally, the District purchases all of its water from the San Diego County Water Authority. Interruption of this service would have a significant negative effect on the District's financial position. At June 30, 2025, the District had designated \$6,482,230 of its unrestricted net position as a water operating reserve to mitigate the potential impacts of a short to mid-term interruption or reduction in water supply from the SDCWA. This represents approximately four and a half months of operating and maintenance expenses. Wastewater fund reserves are excluded from this figure.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Valley Center Municipal Water District's Finance Department at 29300 Valley Center Road, Valley Center, California 92082, or call (760) 735-4500.

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Financial Statements



VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)

	<u>2025</u>	<u>2024</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 25,260,705	\$ 29,068,829
Investments (Note 2)	14,251,934	10,583,010
Accounts receivable, net	7,779,969	7,097,389
Woods Valley Ranch Phase 1 receivable (Note 1i)	176,154	165,021
Interest receivable	353,322	273,701
Taxes receivable	111,616	37,447
Other receivables	140,014	326,928
Lease receivable (Note 11)	257,749	254,767
Inventory (Note 1k)	1,324,972	1,297,006
Prepaid expenses and deposits	274,257	250,976
Total Current Assets	<u>49,930,692</u>	<u>49,355,074</u>
Noncurrent Assets:		
Restricted cash and cash equivalents (Note 2)	620,576	615,261
Restricted investments (Note 2)	-	403,553
Woods Valley Ranch Phase 1 receivable (Note 1i)	1,989,387	2,172,881
Investment in VCMWD AD 2012-1 (Note 2)	3,625,000	3,840,000
Lease receivable (Note 11)	6,279,369	5,356,999
Nondepreciable capital assets (Note 4)	11,747,579	14,465,747
Depreciable capital assets, net (Note 4)	110,853,634	104,857,105
Total Noncurrent Assets	<u>135,115,545</u>	<u>131,711,546</u>
Total Assets	<u>185,046,237</u>	<u>181,066,620</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions (Note 8)	7,715,495	8,571,915
Deferred outflows related to OPEB (Note 9)	1,566,487	2,400,997
Total Deferred Outflows of Resources	<u>9,281,982</u>	<u>10,972,912</u>

The accompanying notes are an integral part of the financial statements.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)**

	<u>2025</u>	<u>2024</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	7,393,127	14,860,341
Accrued payroll	344,424	337,526
Compensated absences (Note 5)	1,086,239	1,021,514
Interest payable	257,763	224,972
Customer deposits	9,135,857	16,797,477
Long-term liabilities (Note 5)	<u>1,628,664</u>	<u>1,387,383</u>
Total Current Liabilities	<u>19,846,074</u>	<u>34,629,213</u>
Noncurrent Liabilities:		
Compensated absences (Note 5)	1,649,999	1,690,051
Long-term liabilities (Note 5)	24,888,634	18,553,549
Net pension liability (Note 8)	27,891,213	28,328,853
Net OPEB liability (Note 9)	<u>727,214</u>	<u>1,553,836</u>
Total Noncurrent Liabilities	<u>55,157,060</u>	<u>50,126,289</u>
Total Liabilities	<u>75,003,134</u>	<u>84,755,502</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions (Note 8)	2,019,715	3,470,538
Deferred inflows related to OPEB (Note 9)	1,378,088	1,476,894
Deferred inflows related to leases (Note 11)	<u>5,985,084</u>	<u>5,173,472</u>
Total Deferred Inflows of Resources	<u>9,382,887</u>	<u>10,120,904</u>
NET POSITION:		
Net investment in capital assets	94,979,261	98,661,084
Restricted for facility expansion	620,576	1,018,814
Unrestricted (Note 7)	<u>14,342,361</u>	<u>(2,516,772)</u>
Total Net Position	<u>\$ 109,942,198</u>	<u>\$ 97,163,126</u>

The accompanying notes are an integral part of the financial statements.

VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)

	2025	2024
Operating Revenues:		
Water sales and pumping charges	\$ 36,482,154	\$ 27,646,096
Meter service charges	8,903,965	8,190,391
Wastewater charges	4,736,908	4,500,955
Meter installation fees	363,814	477,360
Other water operating revenues	1,391,954	674,435
Total Operating Revenues	<u>51,878,795</u>	<u>41,489,237</u>
Operating Expenses:		
Cost of water sold	30,868,413	23,863,733
Energy and pumping costs	2,901,876	2,921,438
Water systems operations	6,845,634	6,306,714
Wastewater collection and treatment	2,045,940	1,840,953
Engineering	2,568,629	2,354,138
General and administrative	4,641,692	3,925,539
Depreciation	5,315,902	5,131,346
Total Operating Expenses	<u>55,188,086</u>	<u>46,343,861</u>
Operating Income (Loss)	<u>(3,309,291)</u>	<u>(4,854,624)</u>
Nonoperating Revenues (Expenses):		
Property taxes and assessments	4,667,255	4,486,949
Investment income (loss)	2,204,111	2,046,267
Other nonoperating revenues	412,972	397,513
Interest expense	(556,398)	(496,041)
Gain (loss) on disposal of capital assets	(33,918)	56,480
Total Nonoperating Revenues (Expenses)	<u>6,694,022</u>	<u>6,491,168</u>
Net Income Before Capital Contributions	3,384,731	1,636,544
Capital Contributions		
Capacity Charges	265,309	400,726
Developer Contributions	9,129,032	3,860,715
Total Capital Contributions	<u>9,394,341</u>	<u>4,261,441</u>
Change in Net Position	12,779,072	5,897,985
Net Position at Beginning of Year	<u>97,163,126</u>	<u>91,265,141</u>
Net Position at End of Year	<u>\$ 109,942,198</u>	<u>\$ 97,163,126</u>

The accompanying notes are an integral part of the financial statements.

VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)

	<u>2025</u>	<u>2024</u>
Cash Flow From Operating Activities:		
Receipts from customers	\$ 51,371,999	\$ 39,683,160
Payments to suppliers	(33,879,552)	(18,678,875)
Payments to employees	(16,337,160)	(15,123,818)
Collection (return) of deposits	(7,661,620)	(5,123,192)
Net Cash Provided (Used) by Operating Activities	<u>(6,506,333)</u>	<u>757,275</u>
Cash Flow From Noncapital Financing Activities:		
Receipts from property taxes	<u>4,593,086</u>	<u>4,621,250</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,593,086</u>	<u>4,621,250</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds from disposal of capital assets	-	112,960
Acquisition and construction of capital assets	(3,422,231)	(7,476,283)
Proceeds from capital contributions	4,070,309	1,099,117
Proceeds from leases	299,232	267,857
Interest paid on debt	(523,607)	(467,254)
Payments on debt	(1,387,384)	(1,401,758)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(963,681)</u>	<u>(7,865,361)</u>
Cash Flows From Investing Activities:		
Proceeds from investment in VCMWD AD 2012-1	215,000	215,000
Interest income	1,867,484	1,651,754
Proceeds from sale of investments	6,384,635	5,584,416
Purchase of investments	(9,393,000)	(6,145,283)
Net Cash Provided (Used) by Investing Activities	<u>(925,881)</u>	<u>1,305,887</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,802,809)	(1,180,949)
Cash and Cash Equivalents at Beginning of Year	<u>29,684,090</u>	<u>30,865,039</u>
Cash and Cash Equivalents at End of Year	<u>\$ 25,881,281</u>	<u>\$ 29,684,090</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)**

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net		
Cash Provided (Used) by Operating Activities:		
Operating loss	\$ (3,309,291)	\$ (4,854,624)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	5,315,902	5,131,346
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net	(682,580)	(1,482,210)
Woods Valley Ranch receivable	172,361	168,651
Other receivable	186,914	(323,870)
Inventory	(27,966)	153,188
Prepaid expenses and deposits	(23,281)	(97,372)
Deferred outflows - pensions	856,420	(197,475)
Deferred outflows - OPEB	834,510	(554,349)
Accounts payable	614,618	8,124,063
Accrued payroll	6,898	45,329
Compensated absences	24,673	207,154
Customer deposits	(7,661,620)	(5,123,192)
Net pension liability	(437,640)	1,180,340
Net OPEB liability	(826,622)	742,066
Deferred inflows - pensions	(1,450,823)	(1,955,709)
Deferred inflows - OPEB	(98,806)	(406,061)
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,506,333)</u>	<u>\$ 757,275</u>
Cash and Cash Equivalents:		
Financial Statement Classification		
Cash and cash equivalents	\$ 25,260,705	\$ 29,068,829
Restricted cash and cash equivalents	620,576	615,261
Total Cash and Cash Equivalents	<u>\$ 25,881,281</u>	<u>\$ 29,684,090</u>
Noncash Investing, Capital and Financing Activities		
Net unrealized loss on investments	\$ 257,006	\$ 378,356
Capital assets included in accounts payable	118,082	334,827
Capital assets contributed	5,324,032	3,162,324
Total Noncash Investing, Capital and Financing Activities	<u>\$ 5,699,120</u>	<u>\$ 3,875,507</u>

The accompanying notes are an integral part of the financial statements.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)**

	Custodial Funds	
	2025	2024
ASSETS:		
Cash and Investments (Note 2)	\$ 2,275,987	\$ 1,461,094
Taxes receivable	2,050	6,296
Total Assets	<u>2,278,037</u>	<u>1,467,390</u>
NET POSITION:		
Restricted for the benefit of residents of the AD 2012-1 and CFD 2020-1	<u>\$ 2,278,037</u>	<u>\$ 1,467,390</u>

The accompanying notes are an integral part of the financial statements.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR PRIOR YEAR)**

	Custodial Funds	
	2025	2024
ADDITIONS:		
Property taxes and assessments	\$ 659,178	\$ 656,267
Investment income	76,301	87,748
Other revenue	463,155	5,098
Total additions	<u>1,198,634</u>	<u>749,113</u>
DEDUCTIONS:		
Labor and benefits	8,228	31,173
Outside professional services	34,105	669,583
Payment to VCMWD	-	698,390
Bond principal	215,000	215,000
Bond interest	<u>130,654</u>	<u>86,846</u>
Total deductions	<u>387,987</u>	<u>1,700,992</u>
Change in net position	810,647	(951,879)
Net Position - Beginning	<u>1,467,390</u>	<u>2,419,269</u>
Net Position - Ending	<u>\$ 2,278,037</u>	<u>\$ 1,467,390</u>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements



**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies:

(a) Description of Reporting Entity

The Valley Center Municipal Water District (the "District") is a governmental corporation governed by an elected five-member board of directors. The District was incorporated July 12, 1954, under the provisions of the California Water District Act of 1911. The District's 101 square mile service area lies in northern San Diego County and the majority of its sales are to agricultural users. The District's offices are located in Valley Center, California.

In keeping its books and records, the District has established various self-balancing groups of accounts in order to enhance internal control and to further the attainment of other management objectives. These groups of accounts are identified in the District's books and records as General, Lower Moosa Wastewater Treatment, and Woods Valley Ranch Wastewater. All significant inter-group transactions and accounts are eliminated in the combination of the accounts for the financial statements of the reporting entity.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100 "Defining the Financial Reporting Entity". The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

(b) Method of Accounting

The District's financial activities are accounted for as an enterprise fund. An enterprise fund is a Proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Water and wastewater lines may be constructed by private developers and then dedicated to the District, which is then responsible for future maintenance. These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as transmission and distribution. Additionally, the District reports the following fund type:

Fiduciary Funds – used to account for assets held by the District in a custodial capacity for individuals, organizations or other governments. The Districts fiduciary funds include: Valley Center Municipal Water Assessment District (AD 2012-1) and Community Facilities District No. 2020-1.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

(c) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Revenue Recognition

Revenues from water sales and pumping charges, meter service charges, meter installation fees, and wastewater charges are recognized as they are earned. Taxes and assessments are recognized as revenue based upon amounts reported to the District by the County of San Diego, net of an allowance for estimated uncollectible taxes.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of the District consist of water sales, wastewater service, and connection and installation fees. Nonoperating revenues consist of property taxes and assessments, investment income, and special charges that can be used for either operating or capital purposes. Operating expenses include the cost of sales, operation, maintenance, and administrative expenses, and depreciation of capital assets. Expenses not meeting this definition are reported as non-operating expenses.

Capital contributions consist of contributed assets and special charges that are legally restricted for capital expenditures by state law or by the Board action that established those charges.

(e) Property Taxes and Assessments

Property taxes and assessments are billed by the County of San Diego to property owners. The District's property tax calendar for the fiscal year ended June 30, 2025, was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment – November 1 Second Installment – February 1
Delinquent Date:	First Installment – December 10 Second Installment – April 10

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected with the exception of CFD 2020-1.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

(f) Cash and Cash Equivalents

Cash and cash equivalents include deposits in SEC-registered money market mutual funds, deposits in external investment pools, and marketable securities that mature within three months of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

(g) Investments

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool. All investments are stated at their fair value. The District has not elected to report certain investments at amortized costs.

(h) Accounts Receivable - Water and Wastewater

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and has established an allowance for doubtful accounts for the accounts that they believe are not collectible.

(i) Woods Valley Ranch Phase 1 Receivable

The Woods Valley Ranch (WVR) Water Reclamation Facility - Phase 1 project was funded, constructed and dedicated to the District by the developer. Pursuant to the Reimbursement Agreement for Construction of Water Reclamation Facilities (Agreement), the developer was required to oversize certain facilities to serve other areas in addition to the developer's property. The District agreed to reimburse the developer for the cost of benefiting future development facilities with funds collected from participants in future expansion phases and submit payment to the Developer. In May 2016, the District refunded to the developer the \$3,589,720 pursuant to the Agreement. The refund was funded with proceeds from the Installment Sales agreement from the State of California Water Resources Control board obtained for the Phase 2 expansion project and will be repaid from annual assessments from the Phase 2 participants over a 20-year period through June 30, 2036. The WVR Phase I Buy-In receivable totaled \$2,165,541 at June 30, 2025.

(j) Investment in VCMWD AD 2012-1

On July 31, 2018, the Valley Center Municipal Water District Assessment District 2012-1 (AD2012-1) issued \$4,035,000 of limited obligation improvement bonds. The bonds and interest are paid from general special assessments on property within AD 2012-1. On July 31, 2018 the District purchased this bond in its entirety and is the sole bondholder.

On March 21, 2022, the Valley Center Municipal Water District Assessment District 2012-1 (AD2012-1) issued an additional \$700,000 of limited obligation improvement bonds. The District purchased this bond in its entirety and is the sole bondholder. The VCMWD AD-2012-1 limited obligation bonds totaled \$3,625,000 at June 30, 2025.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

(k) Inventory

Inventory consists of water and materials in storage valued at average cost. Water inventory is valued at cost at which the water was purchased using the last-in-first-out (LIFO) method. Total inventory at June 30, 2025 is \$1,324,972.

(l) Capital Assets

Capital assets purchased or acquired with an initial individual cost exceeding \$2,000 and an estimated useful life of more than two years are reported at historical costs. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Useful Life</u>
Transmission and distribution system	10 - 40 years
General plant	2 - 40 years
Right to Use Asset / SBITA	The estimated life of the leased asset or the contract term whichever is shorter

(m) Compensated Absences

During the year ended June 30, 2025, the District adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. No prior period adjustment was needed. Accumulated unpaid vacation and sick leave totaling \$2,736,239 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2025.

(n) Leases

The District is a lessor and lessee for leases as detailed in Footnotes 5 and 11. The District recognizes a lease receivable, a deferred inflow of resources, and a lease payable in the financial statements.

At the commencement of the lease, the District initially measures the lease receivable at the present value of payments expected to be received and paid during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received and the lease payable is reduced by the principal portion of lease payments made.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

(n) Leases (Continued)

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term.

Key estimates and judgments include how the district determines the discount rate it uses to discount the expected lease payments to present value.

- The District used the incremental borrowing rate for leases.
- The lease term includes the noncancellable period of the lease.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease payable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease payable.

(o) Subscription-Based Information Technology Arrangements

The District is a lessor and recognizes a lease payable and a right-to-use subscription asset as detailed in Note 4 and 5. At the commencement of the SBITA, the District initially measures the present value of the payments expected to be paid during the SBITA term. Subsequently, the SBITA is reduced by the principal portion of payments made.

Key estimates and judgments include how the district determines the discount rate it uses to discount the expected lease payments to present value.

- The District used the incremental borrowing rate for leases.
- The lease term includes the noncancellable period of the lease.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease payable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease payable.

(p) Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has two items that qualify for reporting in this category, deferred actuarial pension costs and deferred actuarial OPEB costs are items that are deferred and recognized as an outflow of resources in the period the amounts become available.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

(p) Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The items, deferred actuarial pension costs, deferred actuarial OPEB costs, and deferred lease revenue are deferred and recognized as an inflow of resources in the period that the amounts become available.

(q) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS financial office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

(r) Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Programs of the Valley Center Municipal Water District (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 1 - Organization and Summary of Significant Accounting Policies: (Continued)

(s) Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position of the District is for sole use by the District for its operations. It is reported as unrestricted net position in the accompanying financial statements because this restriction corresponds to the general purpose for which the District has been established. It is unavailable for other government uses and is committed to the ongoing operations of the District, including amounts necessary to cover contingencies, unanticipated expenditures, revenue shortfalls, and weather and economic fluctuations.

(t) Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

Note 2 - Cash and Investments:

(a) Authorized Investments

The District's Ordinances authorize the District to invest in bonds issued by the District; obligations of the United States Treasury, agencies, and government sponsored enterprises; certificates of deposit at commercial banks and savings and loans when insured or collateralized in accordance with law; shares of beneficial interest issued by a diversified management company as authorized by California Government Code Section 53601(k); the State of California Local Agency Investment Fund; the California Asset Management Program; as well as deposits with the Treasurer of the County of San Diego.

These authorized investments are more restrictive than those permitted by the California Government Code, which would also allow investments in prime commercial paper, bankers' acceptances, repurchase and reverse repurchase agreements, financial futures or financial options contracts, obligations of the State of California, and obligations of local agencies within California.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 2 - Cash and Investments: (Continued)

(a) Authorized Investments

Cash and investments held by the District were comprised of the following at June 30, 2025:

Cash and Investments consists	
Demand Deposits	\$ 1,134,114
Investments	<u>44,900,088</u>
Total	<u><u>\$ 46,034,202</u></u>
Financial Statement Classification:	
Cash and Cash Equivalents	\$ 25,260,705
Investments	14,251,934
Cash and Cash Equivalents - Restricted	620,576
Investment in VCMWD AD 2012-1 Limited Obligation Bond	3,625,000
Fiduciary Funds	
Cash and Investments	<u>2,275,987</u>
Total	<u><u>\$ 46,034,202</u></u>

(b) Concentration of Credit Risk

The District's policy is that investments should be diversified through limited investment to avoid over-concentration in securities from a specific issuer (excluding U.S. Treasury securities), by varying maturities, and by investing a portion of the portfolio in external investment pools or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. The District further limits certificates of deposit to 30% of its portfolio. State law limits investment in money market funds to 20% of the total portfolio, and investments in any one fund to 10%. At June 30, 2025, (other than U.S. Treasury obligations, mutual funds, and external investment funds) the following investments represented more than 5% of the District's investment portfolio.

Investment in VCMWD AD 2012-1 Limited Obligation Bonds	\$ 3,625,000
Asset Backed Securities - CAMP Term Fund	5,235,034
Federal Home Loan Banks	4,708,255

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 2 - Cash and Investments: (Continued)

(c) Credit Risk

The District's ordinances subject management of the investment portfolio to the "prudent investor" standard, which states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Certificates of deposit must be fully insured and have a rating of satisfactory or better. As of June 30, 2025 the District's investments were rated by Standard & Poor's and by Moody's Investors Service as follows:

	<u>Standard & Poor's</u>	<u>Moody's</u>
Money Market Funds	AAAm	Aaa
California Local Agency Investment Fund	Not rated	Not rated
San Diego County Treasurer's Investment Pool	AAA	Not rated
Investment in VCMWD AD 2012-1 Limited Obligation	Not rated	Not rated
California Asset Management Program	AAA	Aaa
Asset Back Securities – CAMP Term Fund	AAA	Aaa
U.S. Government Agencies Securities	AAA	Aa1
U.S. Treasury Notes & Bonds	Exempt	Exempt
U.S. Obligations	AAA	Aa1
Negotiable Certificates of Deposit	Not rated	Not rated

(d) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To eliminate custodial credit risk, the District's ordinances require that all demand deposits be entirely insured or collateralized and that all investment securities be in the name of the District and held by an insured depository. At June 30, 2025 the District held no deposits or investments that were exposed to custodial credit risk.

(e) Interest Rate Risk

The District's ordinances state that the District will structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The District cannot invest in any security that could result in zero interest accrual if held to maturity. Maturities are limited to five years unless the Board of Directors has granted specific express authority to purchase the investment.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 2 - Cash and Investments: (Continued)

(e) Interest Rate Risk (continued)

	Total	Investment Maturities (In Years)			
		Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Investments:					
Money Market Funds	\$ 784,909	\$ 784,909	\$ -	\$ -	\$ -
California Local Agency Investment Fund (LAIF)	7,446,816	7,446,816	-	-	-
San Diego County Investment Pool	2,793,939	2,793,939	-	-	-
United States Government Agencies Securities	11,007,143	961,965	2,931,137	7,114,041	-
United States Treasury Obligations	978,517	978,517	-	-	-
Negotiable Certificates of Deposit	2,266,274	991,781	1,274,493	-	-
California Asset Management Program (CAMP)	10,762,456	10,762,456	-	-	-
Asset Backed Securities - CAMP Term Fund	5,235,034	5,235,034	-	-	-
Investment in VCMWD AD 2012-1 Limited Obligation Bond	3,625,000	225,000	705,000	495,000	2,200,000
Total Investments	<u>\$ 44,900,088</u>	<u>\$30,180,417</u>	<u>\$4,910,630</u>	<u>\$7,609,041</u>	<u>\$2,200,000</u>

(f) Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(g) Investment in San Diego County Pooled Investment Fund

The District is a voluntary participant in the San Diego County Pooled Investment Fund (SDCPIF) is a pooled investment fund program governed by the County of San Diego Board of Supervisors and administered by the County of San Diego Treasurer and Tax Collector. Investments in SDCPIF are highly liquid as deposits and withdrawals can be made at any time without penalty. SDCPIF does not impose a maximum investment limit.

(h) Investment in California Asset Management Program (CAMP)

The District is a voluntary participant in the California Asset Management Program (CAMP) that is regulated by the California Government Code. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 2 - Cash and Investments: (Continued)

(i) Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes as observable requires judgment by the District's management. District management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management's perceived risk of that investment or liability.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 2 - Cash and Investments: (Continued)

(i) Fair Value Measurements (Continued)

Fair value of assets measured on a recurring basis at June 30, 2025 are as follows:

Investment	Total	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
United States Government Agencies Securities	\$ 11,007,143	\$ -	\$ 11,007,143	\$ -
United States Treasury Obligations	978,517	978,517	-	-
Negotiable Certificates of Deposit	2,266,274	2,266,274	-	-
Asset Backed Securities - CAMP Term Fund	5,235,034	-	5,235,034	-
Investment in VCMWD AD 2012-1 Limited Obligation Bonds	3,625,000	-	3,625,000	-
Total Investments at Fair Value	<u>\$ 23,111,968</u>	<u>\$ 3,244,791</u>	<u>\$ 19,867,177</u>	<u>\$ -</u>

Note 3 - Restricted Assets:

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as necessary.

Note 4 - Capital Assets:

Capital assets consist of the following at June 30, 2025:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Business-type Activity:				
Capital Assets Not Being Depreciated:				
Land and Annex Charges	\$ 7,967,130	\$ -	\$ -	\$ 7,967,130
Construction in progress	<u>6,498,617</u>	<u>3,511,337</u>	<u>(6,229,505)</u>	<u>3,780,449</u>
	<u>14,465,747</u>	<u>3,511,337</u>	<u>(6,229,505)</u>	<u>11,747,579</u>
Capital Assets Being Depreciated:				
Pumping plants, sewer plants, transmission and distribution system	197,231,963	10,902,609	(424,314)	207,710,258
Right to use asset / SBITA	185,882	-	-	185,882
General plant	<u>18,353,186</u>	<u>454,336</u>	<u>(51,417)</u>	<u>18,756,105</u>
	<u>215,771,031</u>	<u>11,356,945</u>	<u>(475,731)</u>	<u>226,652,245</u>
Less Accumulated Depreciation:				
Pumping plants, sewer plants, transmission and distribution system	94,947,650	4,822,994	(379,800)	99,390,844
Right to use asset / SBITA	97,647	43,689	-	141,336
General Plant	<u>15,868,629</u>	<u>449,219</u>	<u>(51,417)</u>	<u>16,266,431</u>
	<u>110,913,926</u>	<u>5,315,902</u>	<u>(431,217)</u>	<u>115,798,611</u>
Net Capital Assets Being Depreciated	<u>104,857,105</u>	<u>6,041,043</u>	<u>(44,514)</u>	<u>110,853,634</u>
Net Capital Assets	<u>\$ 119,322,852</u>	<u>\$ 9,552,380</u>	<u>\$ (6,274,019)</u>	<u>\$ 122,601,213</u>

Depreciation totaled \$5,315,902 for the year ended June 30, 2025.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 5 – Long Term Liabilities:

Long Term debt consist of the following at June 30, 2025:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Current Portion
Business-type Activity:					
Installment sales agreements	\$19,849,405	\$ 7,963,750	\$(1,342,308)	\$26,470,847	\$ 1,583,151
Lease payable / SBITA	91,526	-	(45,076)	46,450	45,513
Compensated absences*	2,711,566	24,673	-	2,736,239	1,086,239
Total Long Term Liabilities	<u>\$22,652,497</u>	<u>\$ 7,988,423</u>	<u>\$(1,387,384)</u>	<u>\$29,253,536</u>	<u>\$ 2,714,903</u>

* *Compensated absences additions/liabilities are shown net per implementation of GASB No. 101.*

Installment Sales Agreements

State of California, Water Resources Control Board - The District entered into a contract with the State of California, Water Resources Control Board, for a loan in an amount up to \$17,393,705 for the expansion of the Woods Valley Ranch Reclamation Facility. The loan accrues interest at 2.2% with annual payments of principal and interest in the amount of \$1,084,260 beginning in December 2018. The loan matures December 15, 2036. The loan is secured by a lien and pledge of the assessments, assessment fund, enterprise funds, net revenues, and any reserve fund specified in the installment sale agreement. Interest payable totaled \$134,495 at June 30, 2025.

\$ 11,326,834

State of California, Water Resources Control Board - The District entered into a contract with the State of California, Water Resources Control Board, for a loan in an amount up to \$4,752,616 for the expansion of the Woods Valley Ranch Reclamation Facility. The loan accrues interest at 2.2% with annual payments of principal and interest in the amount of \$294,679 beginning in October 2017. The loan matures October 20, 2036. The loan is secured by a lien and pledge of the assessments, assessment fund, enterprise funds, net revenues, and any reserve fund specified in the installment sale agreement. Interest payable totaled \$46,943 at June 30, 2025.

3,078,396

State of California, Water Resources Control Board - The District entered into a contract with the State of California, Water Resources Control Board, for a loan in an amount up to \$3,715,572 for the Cool Valley Reservoir Cover/Liner Replacement. The loan accrues interest at 1.6% with semi-annual payments of principal and interest in the amount of \$110,211 beginning in January 2020. The loan matures July 1, 2037. The loan is secured by a lien and pledge of the assessments, assessment fund, enterprise funds, net revenues, and any reserve fund specified in the installment sale agreement.

2,397,943

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 5 – Long Term Liabilities: (Continued)

Installment Sales Agreements (Continued)

State of California, Water Resources Control Board - The District entered into a contract with the State of California, Water Resources Control Board, for a loan in an amount up to \$2,626,653 for the expansion of the Woods Valley Ranch Reclamation Facility. The loan accrues interest at 2.2% with annual payments of principal and interest in the amount of \$163,449 beginning in August 2018. The loan matures August 15, 2036. The loan is secured by a lien and pledge of the assessments, assessment fund, enterprise funds, net revenues, and any reserve fund specified in the installment sale agreement. Interest payable totaled \$32,762 at June 30, 2025.

1,703,925

State of California, Water Resources Control Board - The District entered into a contract with the State of California, Water Resources Control Board, for a loan in an amount up to \$7,963,750 for the 2020 Pipeline Replacement Project. The loan accrues interest at 1.2% with annual payments of principal and interest in the amount of \$214,200 beginning in November 2025. The loan matures November 2054. The loan is secured by a lien and pledge of the assessments, assessment fund, enterprise funds, net revenues, and any reserve fund specified in the installment sale agreement.

7,963,750

Total Installment Sales Agreements

\$ 26,470,847

Lease Payable

The District has one radio communication site lease payable with a lease term of five years. The District is required to make monthly payments ranging from \$867 to \$938, with a discount rate of 2.0%. As of June 30, 2025, the value of the lease payable is \$12,041.

\$ 12,041

Subscription-Based Information Technology Arrangements

The District has one SBITA lease payable with a lease term of five years. The District is required to make annual payments ranging from \$31,439 to \$34,410, with an interest rate of 2.37%. As of June 30, 2025, the value of the lease payable is \$34,409.

34,409

Total Lease Payable and SBITA:

\$ 46,450

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 5 – Long Term Liabilities: (Continued)

Debt service requirements on the long-term debt are as follows:

Year Ended June 30	Installment Sales Agreements		Lease Payable / SBITA		Total
	Principal	Interest	Principal	Interest	
2026	\$ 1,583,151	\$ 484,930	\$ 45,513	\$ 1,020	\$ 2,114,614
2027	1,624,592	453,161	937	-	2,078,690
2028	1,656,983	420,688	-	-	2,077,671
2029	1,690,042	387,646	-	-	2,077,688
2030	1,723,783	353,872	-	-	2,077,655
2031-2035	9,160,483	1,237,837	-	-	10,398,320
2036-2040	4,695,116	398,697	-	-	5,093,813
2041-2045	1,360,255	227,945	-	-	1,588,200
2046-2050	1,443,853	144,347	-	-	1,588,200
2051-2054	1,532,589	55,612	-	-	1,588,201
	<u>\$26,470,847</u>	<u>\$4,164,735</u>	<u>\$ 46,450</u>	<u>\$ 1,020</u>	<u>\$30,683,052</u>

Note 6 - Special Assessment Bonds:

AD 2012-1

On July 31, 2018, Valley Center Municipal Water District Assessment District No. 2012-1 (AD 2012-1) issued \$4,035,000 of limited obligation improvement bonds.

On March 21, 2022 VCMWD AD 2012-1 issued another \$700,000 of limited obligation improvement bonds pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915. Under the Acts, the District is not obligated to repay the AD 2012-1 bonds and the District does not intend in any manner to assume responsibility for the repayment of such debt. The bond proceeds were used to establish reserve funds, pay bond issuance costs, and fund public improvements consisting of the North Village Collection System and a portion of the Orchard Run Lift Station within and for AD 2012-1. AD 2012-1 bonds payable totaled \$3,625,000 at June 30, 2025.

The bonds and interest are paid from annual special assessments on property within AD 2012-1. The annual assessments are billed to and collected from the AD 2012-1 property owners, along with other property taxes and assessments, and remitted to the District. The District remits the annual assessments as well as any prepaid assessments received from property owners to the bondholder.

CFD 2020-1

On December 1, 2024, Community Facilities District No. 2020-1 (CFD 2020-1) issued \$5,355,000 of special tax bonds.

On December 16, 2019, the Board of Directors of the District adopted Resolution No. 2019-35, as amended by Resolution No. 2020-04 to form the District under the Mello-Roos Community Facilities Act of 1982, to levy a special tax and to incur bonded indebtedness for the purpose of financing the acquisition or construction of certain water and wastewater system facilities. The Series 2024 bonds payable net of related bond discount totaled \$5,274,586 at June 30, 2025.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 6 - Special Assessment Bonds: (Continued)

The bonds and interest are paid from special taxes on property within the boundaries of the District. The annual special taxes are billed to and collected from District property owners and remitted to the District. The District remits the special taxes received from the property owners to the bondholder.

Note 7 - Unrestricted Net Position:

Unrestricted net position has been designated by the Board of Directors for the following purposes at June 30, 2025:

Capital improvements	\$23,502,399
Operating reserve	8,471,731
Debt service	2,074,651
Wastewater capital replacement reserves	3,027,828
Net pension liability	(22,195,433)
Net OPEB liability	(538,815)
Unrestricted Net Position	<u>\$14,342,361</u>

Note 8 - Defined Benefit Pension Plan:

(a) General Information About the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Valley Center Municipal Water District, (The Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The Plan consists of the Miscellaneous Plan and the Miscellaneous PEPR Plan.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Miscellaneous Plan members with five years of service are eligible to retire at age 50 with statutorily reduced benefits.

PEPR Miscellaneous members with five years of service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability retirement benefits after five years of service. The death benefit is the basic death benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees Retirement law per contract.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 8 - Defined Benefit Pension Plan: (Continued)

(a) General Information About the Pension Plans (Continued)

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Minimum retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	8.00%
Required employer contribution rates	16.31%	7.94%

In addition to the contribution rates above, the District was also required to make payments of \$2,611,910 toward its unfunded actuarial liability during the year ended June 30, 2025.

The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contribution Description - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District reported the following net pension liability for its proportionate share of net position liability of the risk pool at June 30, 2025:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2024	\$ 78,965,919	\$ 50,637,066	\$ 28,328,853
Balance at: 6/30/2025	83,292,625	55,401,412	27,891,213
Net Changes	<u>\$ 4,326,706</u>	<u>\$ 4,764,346</u>	<u>\$ (437,640)</u>

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 8 - Defined Benefit Pension Plan: (Continued)

**(b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources
Related to Pensions (Continued)**

The District's net pension liability for the risk pool is measured as the proportionate share of the risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The District's proportionate share of the net pension liability as of June 30, 2023, the valuation date, was calculated as follows:

- In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to the miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were first determined as of the valuation date, June 30, 2023.
- Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage at the valuation date was calculated by dividing the District's net pension liability for each of its employer rate plans by the net pension liability of the risk pool as of the valuation date.

Each risk pool's total pension liability was computed at the measurement date, June 30, 2024, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for the risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for the risk pool at June 30, 2024, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The District's proportionate share of the net pension liability as of June 30, 2024, the measurement date, was calculated as follows:

- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2024, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2024, to obtain the total pension liability and fiduciary net position as of June 30, 2024. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 8 - Defined Benefit Pension Plan: (Continued)

(b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The District's proportionate share percentage of the net pension liability as of June 30, 2023 and June 30, 2024, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2023	0.56653%
Proportion at measurement date - June 30, 2024	0.57667%
Change - Increase (Decrease)	<u>0.01014%</u>

For the year ended June 30, 2025, the District recognized pension credit of (\$1,032,043). The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,446,572	\$ 56,444
Changes of assumptions	430,028	-
Net difference between projected and actual earnings on pension plan investments	801,705	-
Adjustment due to difference in proportions	-	1,963,271
Differences between actual and required contributions	1,383,740	-
Contributions after measurement date	3,653,450	-
Total	<u>\$ 7,715,495</u>	<u>\$ 2,019,715</u>

The \$3,653,450 of pension contributions subsequent to the measurement date but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 3,481,004
2027	856,741
2028	699,137
2029	658,898
2030	-
Thereafter	-
Total	<u>\$ 5,695,780</u>

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 8 - Defined Benefit Pension Plan: (Continued)

(c) Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earning on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSLS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

(d) Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until Purchasing Power Protection Allowance floor on applies, 2.30% thereafter.

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 8 - Defined Benefit Pension Plan: (Continued)

(e) Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as followed:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years^{1,2}</u>
Global equity – cap-weighted	30.00%	4.54%
Global equity – non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
	<u>100.00%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study

(f) Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 8 - Defined Benefit Pension Plan: (Continued)

(g) Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the risk pool as of the measurement date, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Net Pension Liability - Miscellaneous	\$ 39,130,753	\$ 27,891,213	\$ 18,639,418

Note 9 - Other Postemployment Benefits:

(a) General Information About the OPEB Plan

Plan Description - The District's Board of Directors adopted the Retiree's Health Benefits Plan (Plan) on January 16, 1995, for the benefit of all individuals (excluding members of the Board of Directors) employed by the District. The Plan is permitted under Government Code Section 53200 et. Seq. The Plan was closed to employees hired after June 30, 2008.

Benefits Provided - The District provides a contribution for continuation of medical coverage for the eligible retirees and eligible spouses, if elected by the retiree. Retirees may be eligible to continue dental and vision coverage on a self-pay basis. In order to participate in the plan, an employee must have at least five years of employment with the District and his or her attained age plus accrued Benefit Units at termination must equal at least 65. Benefit Units are earned based upon the hours worked during a plan year including leave during the year of termination. The District's payment percentage applicable to a plan designated by the District ("Designated Plan") varies based on the sum of the eligible employee's age and Benefits Units at termination. The Designated Plan means the HMO plan offered from time to time by the District or an alternative similar plan designated at the discretion of the District. An eligible employee may elect to participate in the Plan under one of three participant options (Full Spousal Benefits, Reduced Spousal Benefits, and No Spousal Benefits). An election of a participant option is irrevocable once made. Spouse coverage may continue upon death of the retiree. District Directors are not eligible to participate in the Plan unless independently eligible as an employee of the District or as a spouse of an eligible employee.

Employees Covered - As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	28
Inactive employees or beneficiaries currently receiving benefit payments	56
	<u>84</u>

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 9 - Other Postemployment Benefits: (Continued)

(a) General Information About the OPEB Plan (Continued)

Contributions - The District has established an irrevocable trust fund through the California Employers' Retiree Benefits Trust (CERBT), an agent multiple-employer postemployment healthcare trust administered by CalPERS. For the period from July 1, 2024 to June 30, 2025, the District's cash contributions were \$590,628. The employer contributions include retiree benefits payments inclusive of subsidy not reimbursed from the trust.

Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023.

Actuarial Assumptions - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method	Entry Age Normal Cost, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.40%
Inflation	2.75%
Salary Increases	2.80%
Mortality Rate	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	Pre-65 rate of 8.00% decreasing 0.25% annually to 4.50% Post-65 rate of 6.50% decreasing 0.25% annually to 4.50% Medicare Part B rate of 5.50% decreasing 0.25% annually to 4.50%

Mortality information for active and retired employees was based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. The pre-retirement turnover information was developed based on the 2021 experience study for the CalPERS pension plan.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 9 - Other Postemployment Benefits: (Continued)

(a) General Information About the OPEB Plan (Continued)

The assumed gross return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return¹</u>
Global Equity	49.0%	N/A
Global Debt Securities	23.0%	N/A
Inflation Assets	5.0%	N/A
Commodities	3.0%	N/A
REIT's	20.0%	N/A
Total	<u>100.0%</u>	N/A

Long-term expected rate of return is 6.40%

¹ Consistent with the information provided by CERBT, L/T Expected Real ROR is not provided by asset class from CERBT and therefore shown as N/A here.

(b) Discount Rate

The discount rate used to measure the total OPEB liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that the District will continue to fund the actuarial determined contribution each year. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return of OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 9 - Other Postemployment Benefits: (Continued)

(c) Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance, Beginning of Year	\$ 9,750,714	\$ 8,196,878	\$ 1,553,836
Service cost	152,035	-	152,035
Interest expense	577,198	-	577,198
Benefit payments	(573,935)	(573,935)	-
Changes in assumptions	(281,375)	-	(281,375)
Employer contributions	-	249,152	(249,152)
Differences between expected and actual experience	(128,299)	-	(128,299)
Net investment income	-	899,701	(899,701)
Administrative expense	-	(2,672)	2,672
Balance, End of Year	<u>\$ 9,496,338</u>	<u>\$ 8,769,124</u>	<u>\$ 727,214</u>

(d) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage-point higher than the current discount rate:

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net OPEB liability (asset)	<u>\$ 1,824,451</u>	<u>\$ 727,214</u>	<u>\$ (195,759)</u>

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 9 - Other Postemployment Benefits: (Continued)

(e) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (7.00% Decreasing to 3.50%)	Current Healthcare Cost Trend Rates (8.00% Decreasing to 4.50%)	1% Increase (9.00% Decreasing to 5.50%)
Net OPEB liability (asset)	\$ (357,625)	\$ 727,214	\$ 2,037,574

(f) OPEB Plan Fiduciary Net Position

The California Public Employees' Retirement System's California Employers' Retirement Benefit Trust (CERBT) issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, Post Office Box 942703, Sacramento, California 94429-2703.

(g) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$174,927. The District reported deferred outflows and inflows of resources related to OPEB from the following sources at June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 476,341	\$ 1,116,537
Changes in assumptions	404,114	261,551
Net difference between projected and actual earnings in OPEB plan investments	95,404	-
Contributions subsequent to the measurement date	590,628	-
Total	\$ 1,566,487	\$ 1,378,088

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 9 - Other Postemployment Benefits: (Continued)

(g) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$590,628 of OPEB contributions subsequent to the measurement date but before the end of the District's reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year End June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (114,223)
2027	130,571
2028	(335,064)
2029	(83,513)
2030	-
Thereafter	-
Total	<u>\$ (402,229)</u>

(h) Defined Contribution Plan

Employees hired on or after July 1, 2008, participate in a defined contribution plan, Retiree Welfare Benefits Plan. The District administers the plan through an agreement with Mission Square Retirement.

The plan was established by the District's Board of Directors pursuant to Internal Revenue Code Section 115 and may be amended by the Board from time to time.

Employees contribute 1.15% of their annual covered payroll to the plan. The District contribution is 1.15% of annual covered payroll plus \$30 per participant. The District has no payment obligation once the employee separates from the District. During the year ended June 30, 2025, District contributions were \$50,508.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Note 10 - Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage from commercial insurance carriers to reduce its exposure to large losses.

The District pays annual premiums for its liability (auto, general, and public officials), property loss, workers' compensation, and fidelity bond coverage. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged or credited to expense as invoiced. The District's insurance expense for the year ended June 30, 2025 was \$317,402. There were no instances in the past three years where a settlement exceeded the District's coverage.

Note 11 - Lease Receivable:

The District has entered into 11 cell site leases with lease terms ranging from one year to 25 years. The lessees are required to make monthly payments ranging from \$913 to \$4,597 and have discount rates ranging from 2.00% to 3.00%. As of June 30, 2025, the lease receivable is \$6,537,118 and deferred inflows of resources is \$5,985,084. The District recognized \$412,972 of lease revenue during the fiscal year.

Note 12 - Economic Dependency:

All water sold by the District is purchased from the San Diego County Water Authority. Almost all electricity and natural gas used by the District for pumping and operations is purchased from San Diego Gas and Electric.

Note 13 - Commitments and Contingencies:

(a) Contracts

The District has entered into various contracts for the purchase of material, and construction of the capital assets. The amounts contracted for are based on the contractors' estimated cost of construction. At June 30, 2025, the total unpaid amount on these contracts is approximately \$3,115,435 for water operations and \$107,034 for wastewater operations.

(b) Litigation

There are pending lawsuits in which the District is involved. The District's management and legal counsel estimate that the potential claims against the District, not covered by insurance, if unfavorable decisions are rendered in these pending legal actions, would not materially affect the operations or financial condition of the District.

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Required Supplementary Information



VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Ten Fiscal Years

	Measurement Date				
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Proportion of the collective net pension liability	0.5767%	0.5665%	0.5802%	0.9778%	0.5880%
Proportionate share of the collective net pension liability	\$ 27,891,213	\$ 28,328,853	\$ 27,148,513	\$ 18,565,726	\$ 24,804,319
Covered payroll	\$ 7,790,598	\$ 7,329,072	\$ 7,018,725	\$ 7,042,969	\$ 6,784,178
Proportionate share of the collective net pension liability as percentage of covered payroll	358.01%	386.53%	386.80%	263.61%	365.62%
Plan fiduciary net position as a percentage of the total pension liability	66.51%	64.13%	63.83%	73.14%	62.00%

Notes to Schedule:

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.90% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Ten Fiscal Years

	Measurement Date				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Proportion of the collective net pension liability	0.5915%	0.6019%	0.5859%	0.6024%	0.0687%
Proportionate share of the collective net pension liability	\$ 23,686,880	\$ 22,685,118	\$ 23,136,342	\$20,928,033	\$ 18,860,732
Covered payroll	\$ 6,180,656	\$ 5,894,187	\$ 5,940,494	\$ 5,916,822	\$ 5,465,453
Proportionate share of the collective net pension liability as percentage of covered payroll	383.25%	384.87%	389.47%	353.70%	345.09%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	61.51%	59.30%	58.82%	60.99%

Notes to Schedule:

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.90% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN
Last Ten Fiscal Years**

	Fiscal Year				
	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Actuarially determined contribution	\$ 3,653,450	\$ 3,231,162	\$ 3,120,587	\$ 2,907,655	\$ 2,736,175
Contributions in relation to the Actuarially Determined Contribution	<u>(3,653,450)</u>	<u>(3,231,162)</u>	<u>(3,120,587)</u>	<u>(2,907,655)</u>	<u>(2,736,775)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (600)</u>
Covered payroll	\$ 8,019,556	\$ 7,790,598	\$ 7,329,072	\$ 7,018,725	\$ 7,042,969
Contributions as a percentage of covered payroll	45.56%	41.48%	42.58%	41.43%	38.86%

Notes to Schedule:

Fiscal Year End: 06/30/25

Valuation Date: 06/30/22

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset Valuation Method	Fair value of assets
Discount Rate	6.90% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Inflation	2.30%
Salary Increases	Varies by category, entry age, and duration of service.
Payroll Growth	2.80%

**VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN
Last Ten Fiscal Years**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Actuarially determined contribution	\$ 2,505,591	\$ 2,250,183	\$ 2,061,087	\$ 1,945,730	\$ 1,806,422
Contributions in relation to the Actuarially Determined Contribution	<u>(2,505,452)</u>	<u>(2,250,183)</u>	<u>(2,061,087)</u>	<u>(1,945,730)</u>	<u>(1,806,422)</u>
Contribution deficiency (excess)	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,784,178	\$ 6,180,656	\$ 5,894,187	\$ 5,940,494	\$ 5,916,822
Contributions as a percentage of covered payroll	36.93%	36.41%	34.97%	32.75%	30.53%

Notes to Schedule:

Fiscal Year End: 06/30/25

Valuation Date: 06/30/22

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset Valuation Method	Fair value of assets
Discount Rate	6.90% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Inflation	2.30%
Salary Increases	Varies by category, entry age, and duration of service.
Payroll Growth	2.80%

VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

	Measurement Date			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 152,035	\$ 188,486	\$ 164,132	\$ 215,323
Interest on the total OPEB liability	577,198	504,976	577,307	605,221
Actual and expected experience difference	(128,299)	952,683	(1,092,716)	(418,269)
Changes in assumptions	(281,375)	113,897	694,331	(117,880)
Changes in benefit terms	-	-	-	-
Benefit payments	<u>(573,935)</u>	<u>(467,408)</u>	<u>(414,491)</u>	<u>(364,965)</u>
Net change in total OPEB liability	(254,376)	1,292,634	(71,437)	(80,570)
Total OPEB liability - beginning	<u>9,750,714</u>	<u>8,458,080</u>	<u>8,529,517</u>	<u>8,610,087</u>
Total OPEB liability - ending (a)	<u>\$ 9,496,338</u>	<u>\$ 9,750,714</u>	<u>\$ 8,458,080</u>	<u>\$ 8,529,517</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 249,152	\$ 61,549	\$ 935,370	\$ 656,994
Net investment income	899,701	491,239	(1,163,850)	1,649,671
Benefit payments	(573,935)	-	-	(364,965)
Administrative expense	<u>(2,672)</u>	<u>(2,220)</u>	<u>(2,097)</u>	<u>(4,282)</u>
Net change in plan fiduciary net position	572,246	550,568	(230,577)	1,937,418
Plan fiduciary net position - beginning	<u>8,196,878</u>	<u>7,646,310</u>	<u>7,876,887</u>	<u>5,939,469</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,769,124</u>	<u>\$ 8,196,878</u>	<u>\$ 7,646,310</u>	<u>\$ 7,876,887</u>
Net OPEB (asset) liability - ending (a)-(b)	<u>\$ 727,214</u>	<u>\$ 1,553,836</u>	<u>\$ 811,770</u>	<u>\$ 652,630</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92.34%	84.06%	90.40%	92.35%
Covered-employee payroll**	\$ 3,997,485	\$ 4,312,596	\$ 3,947,784	\$ 4,197,174
Net OPEB (asset) liability as a percentage of covered-employee payroll	18.19%	36.03%	20.56%	15.55%

Notes to Schedule:

Changes in assumptions:

The discount rate of 6.40% was used in the valuation. The interest rate used in the prior valuation was 6.00% per year net of expenses.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**The Districts contribution are not determined as a measure of pay and therefore covered-employee payroll has been disclosed.

VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

	Measurement Date			
	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 222,328	\$ 180,014	\$ 174,771	\$ 163,337
Interest on the total OPEB liability	640,904	584,591	555,262	525,499
Actual and expected experience difference	(1,031,442)	418,684	-	-
Changes in assumptions	-	(99,117)	-	-
Changes in benefit terms	-	-	-	-
Benefit payments	<u>(305,133)</u>	<u>(344,067)</u>	<u>(288,490)</u>	<u>(261,691)</u>
Net change in total OPEB liability	(473,343)	740,105	441,543	427,145
Total OPEB liability - beginning	<u>9,083,430</u>	<u>8,343,325</u>	<u>7,901,782</u>	<u>7,474,637</u>
Total OPEB liability - ending (a)	<u>\$ 8,610,087</u>	<u>\$ 9,083,430</u>	<u>\$ 8,343,325</u>	<u>\$ 7,901,782</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 643,050	\$ 658,700	\$ 722,386	\$ 690,259
Net investment income	193,466	300,177	323,308	344,077
Benefit payments	(305,133)	(344,067)	(288,490)	(261,691)
Administrative expense	<u>(4,659)</u>	<u>(2,365)</u>	<u>(7,520)</u>	<u>(1,759)</u>
Net change in plan fiduciary net position	526,724	612,445	749,684	770,886
Plan fiduciary net position - beginning	<u>5,412,745</u>	<u>4,800,300</u>	<u>4,050,616</u>	<u>3,279,730</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,939,469</u>	<u>\$ 5,412,745</u>	<u>\$ 4,800,300</u>	<u>\$ 4,050,616</u>
Net OPEB (asset) liability - ending (a)-(b)	<u>\$ 2,670,618</u>	<u>\$ 3,670,685</u>	<u>\$ 3,543,025</u>	<u>\$ 3,851,166</u>
Plan fiduciary net position as a percentage of the total OPEB liability	68.98%	59.59%	57.53%	51.26%
Covered-employee payroll**	\$ 4,664,150	\$ 4,539,319	\$ 5,148,345	\$ 5,018,358
Net OPEB (asset) liability as a percentage of covered-employee payroll	57.26%	80.86%	68.82%	76.74%

Notes to Schedule:

Changes in assumptions:

The discount rate of 6.40% was used in the valuation. The interest rate used in the prior valuation was 6.00% per year net of expenses.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**The Districts contribution are not determined as a measure of pay and therefore covered-employee payroll has been disclosed.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
Last Ten Fiscal Years***

	Fiscal Year			
	2025	2024	2023	2022
Actuarially Determined Contribution (ADC)	\$ 446,623	\$ 249,152	\$ 406,778	\$ 482,483
Contributions in relation to the ADC	<u>(590,628)</u>	<u>(573,935)</u>	<u>(528,957)</u>	<u>(656,994)</u>
Contribution deficiency (excess)	<u>\$ (144,005)</u>	<u>\$ (324,783)</u>	<u>\$ (122,179)</u>	<u>\$ (174,511)</u>
Covered-employee payroll	\$ 3,953,809	\$ 3,997,485	\$ 4,312,596	\$ 3,947,784
Contributions as a percentage of covered-employee payroll	14.94%	14.36%	12.27%	16.64%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2025 were from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	2.80% per annum, in aggregate
Investment Rate of Return	6.40%, assuming actuarially determined contributions funded into California Employers' Retiree Benefit Trust Investment Strategy 2.
Healthcare cost-trend rates	Based on recent premium experience, assuming 1%-1% increase due to market trends then reduced to a rate reflecting medical price inflation.
Retirement Age	Tier 1 employees - 2.7% @55
Mortality	The probabilities of Retirement are based on the 2021 CalPERS Experience Study The mortality assumptions are based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

VALLEY CENTER MUNICIPAL WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 578,463	\$ 572,254	\$ 556,404	\$ 637,891
Contributions in relation to the ADC	<u>(643,050)</u>	<u>(658,700)</u>	<u>(722,386)</u>	<u>(690,259)</u>
Contribution deficiency (excess)	<u>\$ (64,587)</u>	<u>\$ (86,446)</u>	<u>\$ (165,982)</u>	<u>\$ (52,368)</u>
Covered-employee payroll	\$ 4,197,174	\$ 4,664,150	\$ 4,539,319	\$ 5,148,345
Contributions as a percentage of covered-employee payroll	15.32%	14.12%	15.91%	13.41%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2025 were from the June 30, 2024 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	2.80% per annum, in aggregate
Investment Rate of Return	6.40%, assuming actuarially determined contributions funded into California Employers' Retiree Benefit Trust Investment Strategy 2.
Healthcare cost-trend rates	Based on recent premium experience, assuming 1%-1% increase due to market trends then reduced to a rate reflecting medical price inflation.
Retirement Age	Tier 1 employees - 2.7% @55
Mortality	The probabilities of Retirement are based on the 2021 CalPERS Experience Study The mortality assumptions are based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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Combining Statements



Fiduciary Funds

Community Facilities District No. 2020-1

The Community Facilities District No. 2020-1 (CFD 2020-1) was created by the District on May 18, 2020, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended to provide financing for the design and construction of certain water and wastewater system facilities necessary to serve new development within CFD 2020-1. The District's board sits as the legislative body of CFD 2020-1 which approves the rate and apportionment of a special tax within CFD 2020-1 to fund the facilities. The District acts solely as the agent in the collection and remittance of the special taxes for the CFD 2020-1 and initiates foreclosure proceedings as required under the bond covenants.

Valley Center Municipal Water District Assessment District

The Valley Center Municipal Water District Assessment District (AD 2012-1) was created by the District to account for special assessment bonds. The limited obligation bonds and interest are paid from general special assessments on property within AD 2012-1. The annual assessments are billed to and collected from the AD 2012-1 property owners, along with other property taxes and assessments, and remitted to the District. The District remits the annual assessments as well as any prepaid assessments received from property owners to the bondholder, of which the District is the sole bondholder.

**VALLEY CENTER MUNICIPAL WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2025**

	General	Lower Moosa Wastewater	Woods Valley Ranch Wastewater	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 10,557,024	\$ 1,526,661	\$ 13,177,020	\$ 25,260,705
Investments	14,251,934	-	-	14,251,934
Accounts receivable, net	7,779,969	-	-	7,779,969
Woods Valley Ranch Phase 1 receivable	-	-	176,154	176,154
Interest receivable	315,409	-	37,913	353,322
Taxes receivable	16,083	-	95,533	111,616
Other receivables	140,014	-	-	140,014
Current lease receivable	257,749	-	-	257,749
Inventory	1,324,972	-	-	1,324,972
Internal balances	898,929	(1,794,429)	895,500	-
Prepaid expenses and deposits	274,257	-	-	274,257
Total Current Assets	<u>35,816,340</u>	<u>(267,768)</u>	<u>14,382,120</u>	<u>49,930,692</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	-	620,576	-	620,576
Woods Valley Ranch Phase 1 receivable	-	-	1,989,387	1,989,387
Investment in VCMWD AD 2012-1	3,010,000	-	615,000	3,625,000
Lease receivable	6,279,369	-	-	6,279,369
Nondepreciable capital assets	7,514,741	861,722	3,371,116	11,747,579
Depreciable capital assets, net	70,198,764	8,260,842	32,394,028	110,853,634
Total Noncurrent Assets	<u>87,002,874</u>	<u>9,743,140</u>	<u>38,369,531</u>	<u>135,115,545</u>
Total Assets	<u>122,819,214</u>	<u>9,475,372</u>	<u>52,751,651</u>	<u>185,046,237</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	7,715,495	-	-	7,715,495
Deferred outflows related to OPEB	1,566,487	-	-	1,566,487
Total Deferred Outflows of Resources	<u>9,281,982</u>	<u>-</u>	<u>-</u>	<u>9,281,982</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	7,222,167	119,974	50,986	7,393,127
Accrued payroll	344,424	-	-	344,424
Compensated absences	1,086,239	-	-	1,086,239
Interest payable	-	47,998	209,765	257,763
Customer deposits	3,633,391	22,700	5,479,766	9,135,857
Long-term liabilities	440,697	-	1,187,967	1,628,664
Total Current Liabilities	<u>12,726,918</u>	<u>190,672</u>	<u>6,928,484</u>	<u>19,846,074</u>
Noncurrent Liabilities:				
Compensated absences	1,649,999	-	-	1,649,999
Long-term liabilities	9,967,446	-	14,921,188	24,888,634
Net pension liability	27,891,213	-	-	27,891,213
Net OPEB Liability	727,214	-	-	727,214
Total Noncurrent Liabilities	<u>40,235,872</u>	<u>-</u>	<u>14,921,188</u>	<u>55,157,060</u>
Total Liabilities	<u>52,962,790</u>	<u>190,672</u>	<u>21,849,672</u>	<u>75,003,134</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	2,019,715	-	-	2,019,715
Deferred inflows related to OPEB	1,378,088	-	-	1,378,088
Deferred inflows related to leases	5,985,084	-	-	5,985,084
Total Deferred Inflows of Resources	<u>9,382,887</u>	<u>-</u>	<u>-</u>	<u>9,382,887</u>
NET POSITION:				
Net investment in capital assets	66,200,708	9,122,564	19,655,989	94,979,261
Restricted for facility expansion	-	620,576	-	620,576
Unrestricted	3,554,811	(458,440)	11,245,990	14,342,361
Total Net Position	<u>\$ 69,755,519</u>	<u>\$ 9,284,700</u>	<u>\$ 30,901,979</u>	<u>\$ 109,942,198</u>

**VALLEY CENTER MUNICIPAL WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	General	Lower Moosa Wastewater	Woods Valley Ranch Wastewater	Total
Operating Revenues:				
Water sales and pumping charges	\$ 36,482,154	\$ -	\$ -	\$ 36,482,154
Meter service charges	8,903,965	-	-	8,903,965
Wastewater charges	-	2,279,059	2,457,849	4,736,908
Meter installation fees	363,814	-	-	363,814
Other water operating revenues	871,182	386	520,386	1,391,954
Total Operating Revenues	46,621,115	2,279,445	2,978,235	51,878,795
Operating Expenses:				
Cost of water sold	30,868,413	-	-	30,868,413
Energy and pumping costs	2,684,638	120,279	96,959	2,901,876
Water systems operations	6,845,634	-	-	6,845,634
Wastewater collection and treatment	-	1,241,546	804,394	2,045,940
Engineering	2,175,297	18,265	375,067	2,568,629
General and administrative	3,930,294	363,319	348,079	4,641,692
Depreciation	3,726,661	373,193	1,216,048	5,315,902
Total Operating Expenses	50,230,937	2,116,602	2,840,547	55,188,086
Operating Income (Loss)	(3,609,822)	162,843	137,688	(3,309,291)
Nonoperating Revenues (Expenses):				
Property taxes and assessments	4,140,486	-	526,769	4,667,255
Investment income (loss)	1,600,504	123,697	479,910	2,204,111
Other nonoperating revenues	412,972	-	-	412,972
Interest expense	(106,725)	(85,157)	(364,516)	(556,398)
Gain (loss) on disposal of capital assets	(33,918)	-	-	(33,918)
Total Nonoperating Revenues (Expenses)	6,013,319	38,540	642,163	6,694,022
Income (Loss) Before Contributions	2,403,497	201,383	779,851	3,384,731
Capital Contributions				
Capacity Charges	270,624	(5,315)	-	265,309
Developer Contributions	3,346,842	-	5,782,190	9,129,032
Total Capital Contributions	3,617,466	(5,315)	5,782,190	9,394,341
Change in Net Position	6,020,963	196,068	6,562,041	12,779,072
Net Position at Beginning of Year	63,734,556	9,088,632	24,339,938	97,163,126
Net Position at End of Year	\$ 69,755,519	\$ 9,284,700	\$ 30,901,979	\$ 109,942,198

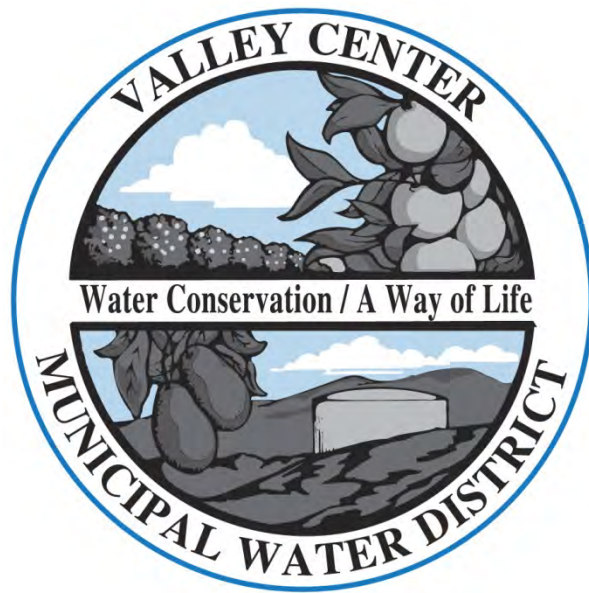
**VALLEY CENTER MUNICIPAL WATER DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025**

	Assessment District 2012-1	Community Facilities District 2020-1	Total
ASSETS			
Cash and Investments	\$ 916,307	\$ 1,359,680	\$ 2,275,987
Interest receivable	-	2,050	2,050
Total Assets	<u>916,307</u>	<u>1,361,730</u>	<u>2,278,037</u>
NET POSITION			
Restricted for the benefit of residents of the AD - 2012-1 and CFD 2020-1	<u>\$ 916,307</u>	<u>\$ 1,361,730</u>	<u>\$ 2,278,037</u>

**VALLEY CENTER MUNICIPAL WATER DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Assessment District 2012-1	Community Facilities District 2020-1	Total
ADDITIONS:			
Property taxes and assessments	\$ 297,115	\$ 362,063	\$ 659,178
Investment income	36,774	39,527	76,301
Other revenue	-	1,691	1,691
Total additions	<u>333,889</u>	<u>403,281</u>	<u>737,170</u>
DEDUCTIONS:			
Outside professional services	-	34,105	34,105
Bond principal	215,000	-	215,000
Bond interest	82,115	48,539	130,654
Total deductions	<u>297,115</u>	<u>90,872</u>	<u>387,987</u>
Excess of revenues over expenditures	<u>36,774</u>	<u>312,409</u>	<u>349,183</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from bonds	-	5,355,000	5,355,000
Discount on bonds issued	-	(80,414)	(80,414)
Transfer to project fund	-	(4,813,122)	(4,813,122)
Total other financing sources (uses)	<u>-</u>	<u>461,464</u>	<u>461,464</u>
Change in net position	36,774	773,873	810,647
Net Position - Beginning of Year	<u>879,533</u>	<u>587,857</u>	<u>1,467,390</u>
Net Position - End of year	<u><u>\$ 916,307</u></u>	<u><u>\$ 1,361,730</u></u>	<u><u>\$ 2,278,037</u></u>

Statistical Section



STATISTICAL SECTION

This part of the Valley Center Municipal Water District's (the "District") annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS	PAGE
Financial Trends	75
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	77
<i>These schedules contain information to help the reader access the District's two most significant local revenue sources, water sales and property levies.</i>	
Debt Capacity	87
<i>These schedules present information to help the reader access the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	89
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	
Operating Information	91
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Table I
Net Position by Component (Last Ten Fiscal Years)

	Fiscal year ended				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Primary government					
Net investment in capital assets	\$ 94,979,261	\$ 98,661,084	\$ 92,907,867	\$ 77,957,363	\$ 76,127,791
Restricted for facility expansion	620,576	1,018,814	606,326	3,719,038	2,129,567
Unrestricted	14,342,361	(2,516,772)	(2,249,052)	10,046,007	9,632,501
Total primary government net position	<u>\$ 109,942,198</u>	<u>\$ 97,163,126</u>	<u>\$ 91,265,141</u>	<u>\$ 91,722,408</u>	<u>\$ 87,889,859</u>

	Fiscal year ended				
	<u>2020 (1)</u>	<u>2019</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016</u>
Primary government					
Net investment in capital assets	\$ 75,005,714	\$ 74,019,639	\$ 71,684,014	\$ 72,382,729	\$ 84,494,979
Restricted for facility expansion	1,717,852	1,550,544	1,359,327	1,177,622	1,075,636
Unrestricted	8,730,860	11,333,093	10,718,376	8,073,823	276,747
Total primary government net position	<u>\$ 85,454,426</u>	<u>\$ 86,903,276</u>	<u>\$ 83,761,717</u>	<u>\$ 81,634,174</u>	<u>\$ 85,847,362</u>

(1) As restated (See Table II, Notes 3-6).

Source: Valley Center Municipal Water District

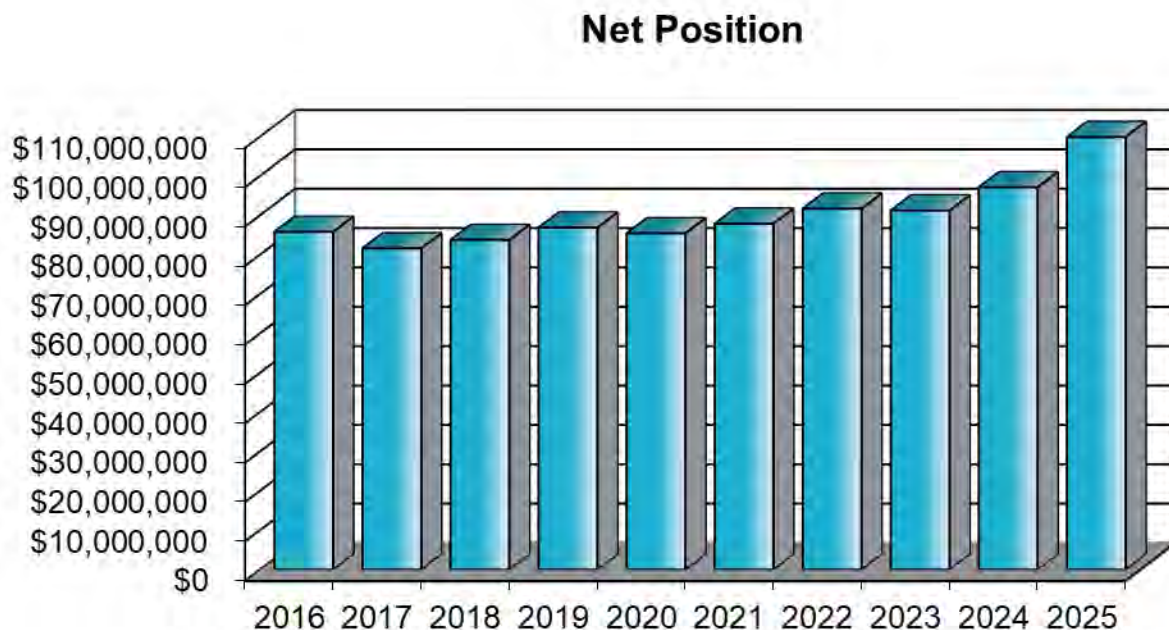


Table II
Changes in Net Position (Last Ten Fiscal Years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating Revenues:										
Water sales ⁽¹⁾	\$ 42,595,063	\$ 33,874,102	\$34,388,425	\$39,190,250	\$40,125,745	\$34,608,677	\$34,579,905	\$42,445,575	\$ 36,090,543	\$ 33,785,302
Pumping charges	2,791,056	1,962,385	1,960,517	2,286,452	2,419,527	2,045,383	2,038,850	2,773,079	2,139,381	1,978,644
Wastewater charges	4,736,908	4,500,955	4,227,215	4,601,540	3,589,915	4,041,954	4,016,703	4,056,779	4,239,359	2,521,787
Meter installation fees	363,814	477,360	984,220	933,816	365,321	320,408	224,666	222,587	196,154	215,995
Other water operating revenues	1,391,954	674,435	710,954	986,803	2,262,881	453,037	588,436	610,544	645,435	545,347
Total operating revenues	\$ 51,878,795	\$ 41,489,237	\$42,271,331	\$47,998,861	\$48,763,389	\$41,469,459	\$41,448,560	\$50,108,564	\$ 43,310,872	\$ 39,047,075
Operating Expenses:										
Cost of water sold	\$ 30,868,413	\$ 23,863,733	\$24,059,220	\$27,742,610	\$28,666,422	\$25,099,762	\$25,048,234	\$30,744,890	\$ 26,930,842	\$ 25,358,738
Energy and pumping costs	2,901,876	2,921,438	3,239,594	3,081,255	2,848,421	2,636,432	2,457,485	2,888,038	2,631,927	2,733,376
Water systems operations	6,845,634	6,306,714	6,026,660	6,021,235	5,901,561	5,753,366	5,571,209	5,890,653	5,304,895	5,267,718
Wastewater collection and treatment	2,045,940	1,840,953	1,918,109	1,770,086	1,588,055	1,521,242	1,458,174	1,333,425	1,283,283	1,121,601
Engineering	2,568,629	2,354,138	2,133,505	2,320,092	2,855,523	2,000,013	1,571,413	1,455,201	1,695,911	1,450,071
General and administrative	4,641,692	3,925,539	8,884,912	3,657,388	4,719,888	5,470,523	5,246,189	5,677,591	2,527,800	1,944,488
Depreciation	5,315,902	5,131,346	4,707,082	4,483,611	4,312,773	4,231,732	4,135,118	3,402,608	3,306,838	3,525,655
Total operating expenses	\$ 55,188,086	\$ 46,343,861	\$50,969,082	\$49,076,277	\$50,892,643	\$46,713,070	\$45,487,822	\$51,392,406	\$ 43,681,496	\$ 41,401,647
Operating (Loss)	\$ (3,309,291)	\$ (4,854,624)	\$ (8,697,751)	\$ (1,077,416)	\$ (2,129,254)	\$ (5,243,611)	\$ (4,039,262)	\$ (1,283,842)	\$ (370,624)	\$ (2,354,572)
Nonoperating Revenues and (Expenses):										
Property taxes and assessments	\$ 4,667,255	\$ 4,486,949	\$ 4,234,849	\$ 3,853,473	\$ 3,740,185	\$ 3,096,661	\$ 2,985,886	\$ 2,878,959	\$ 2,777,382	\$ 2,665,133
Investment income (loss)	2,204,111	2,046,267	1,759,216	(754,118)	277,671	866,684	861,130	345,698	169,070	201,138
Other nonoperating revenues	412,972	397,513	389,991	474,470	360,531	384,328	336,181	325,571	350,924	328,923
Interest expense	(556,398)	(496,041)	(467,225)	(489,687)	(514,995)	(539,660)	(557,983)	(540,037)	(238,935)	(47,272)
Gain (loss) on disposal of capital assets ⁽²⁾	(33,918)	56,480	18,719	10,523	(61,688)	15,074	16,278	123,546	23,747	13,484
Total Nonoperating Revenues and (Expenses)	\$ 6,694,022	\$ 6,491,168	\$ 5,935,550	\$ 3,094,661	\$ 3,801,704	\$ 3,823,087	\$ 3,641,492	\$ 3,133,737	\$ 3,082,188	\$ 3,161,406
Income (Loss) Before Contributions	\$ 3,384,731	\$ 1,636,544	\$ (2,762,201)	\$ 2,017,245	\$ 1,672,450	\$ (1,420,524)	\$ (397,770)	\$ 1,849,895	\$ 2,711,564	\$ 806,834
Capital contributions	9,394,341	4,261,441	2,304,934	1,815,304	762,983	872,099	3,539,329	396,898	205,285	1,643,312
Change in Net Position	\$ 12,779,072	\$ 5,897,985	\$ (457,267)	\$ 3,832,549	\$ 2,435,433	\$ (548,425)	\$ 3,141,559	\$ 2,246,793	\$ 2,916,849	\$ 2,450,146
Net Position at Beginning of Year	\$ 97,163,126	\$ 91,265,141	\$91,722,408	\$87,889,859	\$85,454,426	\$86,903,276	\$83,761,717	\$81,634,174	\$ 85,847,362	\$ 83,397,216
Restatement ⁽³⁾⁽⁴⁾⁽⁵⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (900,425)	\$ -	\$ (119,250)	\$ (7,130,037)	\$ -
Restated Net Position at Beginning of Year	\$ 97,163,126	\$ 91,265,141	\$91,722,408	\$87,889,859	\$85,454,426	\$86,002,851	\$83,761,717	\$81,514,924	\$ 78,717,325	\$ 83,397,216
NET POSITION AT END OF YEAR	\$ 109,942,198	\$ 97,163,126	\$91,265,141	\$91,722,408	\$87,889,859	\$85,454,426	\$86,903,276	\$83,761,717	\$ 81,634,174	\$ 85,847,362

(1) A detailed schedule of water sales is presented in Table III.

(2) Net of loss on termination of projects and disposition of assets.

(3) The Restatement of Net Position in 2020 is due to previously reported construction in progress projects that are not capitalizable pursuant to GASB 51 in the amount of \$544,764 in both the Lower Moosa and Woods Valley Wastewater Funds and the previously reported AD 2012-1 portion of the Tax Assessment Revenue totaling \$355,661 received in the Woods Valley Ranch Wastewater Expansion Fund.

(4) The Restatement of Net Position in 2018 of \$119,250 is due to a reclassification of contributed capital previously recorded as revenue in the Lower Moosa Wastewater Fund.

(5) The Restatement of Net Position in 2017 is due the requirement per GASB 75 for OPEB Liability in the amount of \$3,504,756 and the reclassification of \$3,625,281 in developer deposits to be refunded in the Woods Valley Ranch Wastewater Fund.

Source: Valley Center Municipal Water District

Table III
Water Sales by User Type ⁽¹⁾ (Last Ten Fiscal Years)

Fiscal Year Ended	Domestic		Commercial		Certified Agricultural ⁽²⁾		Total		Average Direct Rate ⁽³⁾
	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	
2025	\$21,785,453	5,006.7	\$3,635,809	1,145.0	\$17,173,802	7,733.0	\$42,595,063	13,884.7	\$3,068
2024	\$17,483,019	4,175.6	\$2,855,731	958.0	\$13,335,197	6,359.7	\$33,673,945	11,493.3	\$2,930
2023	\$17,006,069	4,468.9	\$3,042,101	1,136.3	\$14,340,254	7,415.3	\$34,388,425	13,020.5	\$2,641
2022	\$17,947,573	4,893.8	\$3,362,725	1,342.3	\$17,879,952	9,970.9	\$39,190,250	16,207.0	\$2,418
2021	\$17,835,007	4,854.2	\$3,429,176	1,695.8	\$18,861,563	11,132.7	\$40,125,745	17,682.7	\$2,269
2020	\$14,376,850	4,229.8	\$3,333,040	1,567.3	\$16,898,786	9,893.8	\$34,608,677	15,690.9	\$2,206
2019	\$13,446,211	4,379.6	\$3,752,336	1,476.3	\$17,381,357	10,260.4	\$34,579,905	16,116.3	\$2,146
2018	\$14,545,576	5,118.4	\$4,438,219	1,884.2	\$23,461,780	14,495.3	\$42,445,575	21,497.9	\$1,974
2017	\$13,002,142	4,691.3	\$4,010,125	1,682.1	\$19,078,276	12,865.7	\$36,090,543	19,239.1	\$1,876
2016	\$12,000,426	4,173.4	\$3,362,113	1,517.2	\$18,422,763	12,678.8	\$33,785,302	18,369.4	\$1,839

(1) Water sales include monthly meter charges but exclude pumping charges. Amounts in acre feet are water billed.

(2) Includes only sales under interruptible agricultural water rates.

(3) Calculated average rate, including commodity and monthly meter charges. See Table IX for actual rates.

Source: Valley Center Municipal Water District

Water Sales in Acre Feet

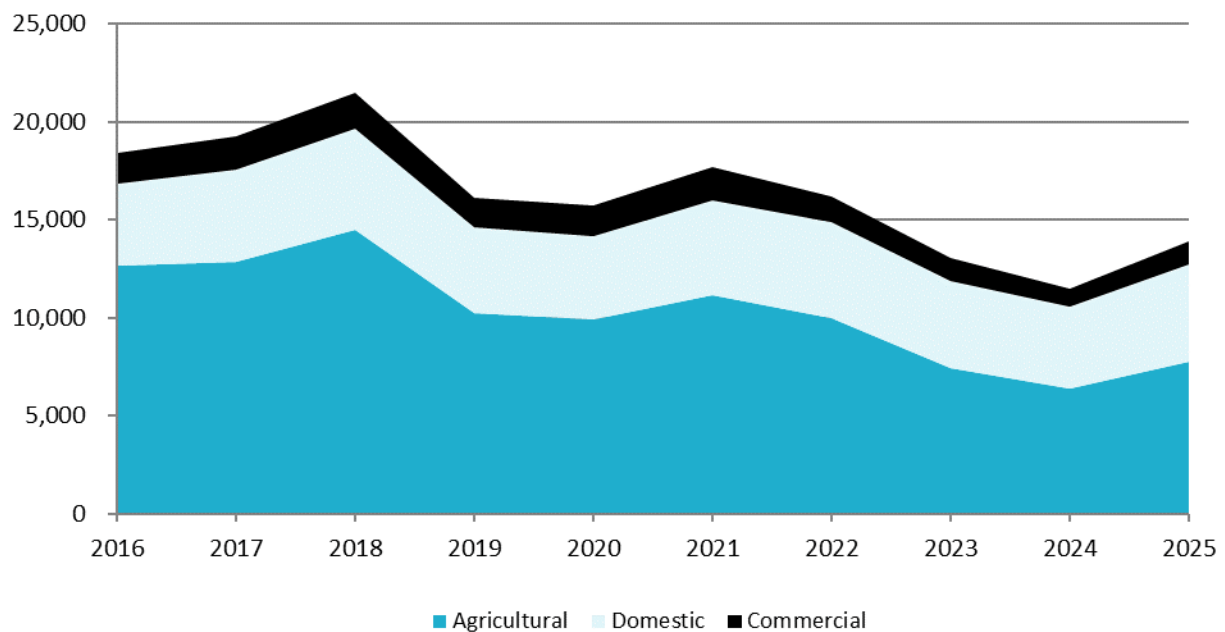


Table IV
Active Water Meters (Last Ten Fiscal Years)

Fiscal Year Ended	Domestic	Commercial	Certified Agricultural ⁽¹⁾	Total Active	All Inactive Meters	Total
2025	10,847	381	626	11,854	938	12,792
2024	10,798	382	633	11,813	907	12,720
2023	10,643	380	633	11,656	899	12,555
2022	10,091	380	645	11,116	886	12,002
2021	9,073	351	1,079	10,503	898	11,401
2020	8,891	367	1,051	10,309	903	11,212
2019	8,709	463	1,050	10,222	859	11,081
2018	8,633	459	1,071	10,163	864	11,027
2017	8,556	459	1,071	10,086	821	10,907
2016	8,433	456	1,087	9,976	860	10,836

(1) Includes only meters participating in an interruptible agricultural water rate.

Source: Valley Center Municipal Water District

Active Water Meters

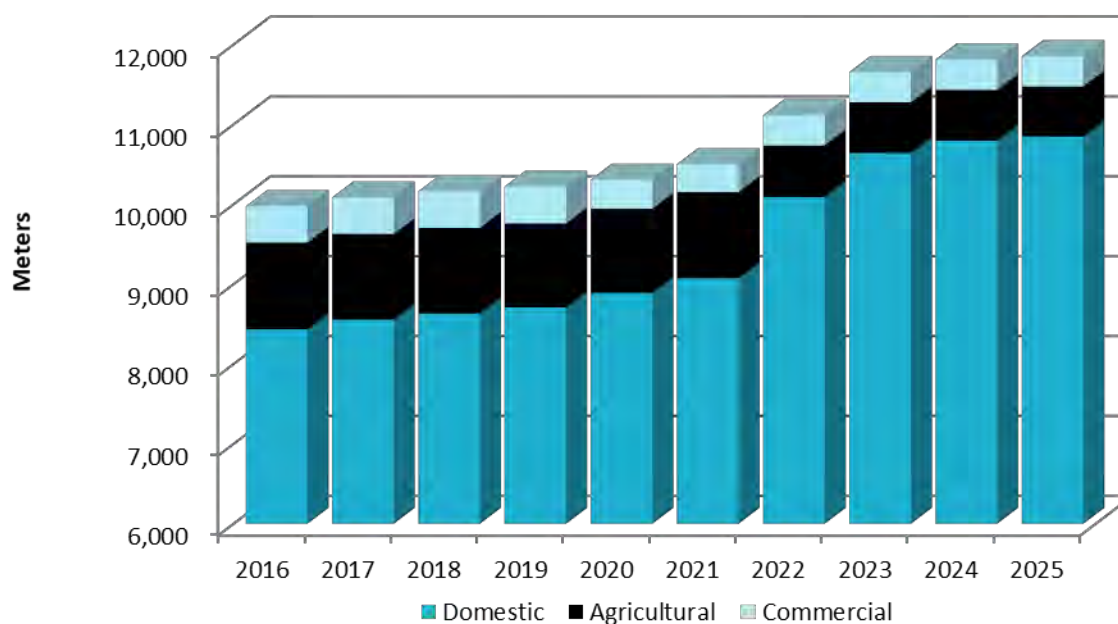


Table V
Assessed Value of Taxable Property (Last Ten Fiscal Years)

Fiscal Year Ended	Secured				Assessed Unsecured Value	Total Assessed Value	Tax Rate
	Real Property	Personal Property	Exemptions	Net Assessed Value			
2025	\$6,735,129,012	\$25,195	\$71,608,440	\$6,663,545,767	\$231,020,851	\$6,894,566,618	0
2024	\$6,348,327,677	\$24,463	\$62,864,487	\$6,285,487,653	\$225,132,573	\$6,510,620,226	0
2023	\$5,819,539,737	\$23,734	\$49,745,335	\$5,769,818,136	\$202,564,317	\$5,972,382,453	0
2022	\$5,313,291,879	\$23,472	\$47,533,219	\$5,265,782,132	\$44,151,557	\$5,309,933,689	0
2021	\$5,104,159,878	\$24,442	\$44,746,043	\$5,059,438,277	\$44,318,095	\$5,103,756,372	0
2020	\$4,897,386,842	\$24,677	\$40,888,444	\$4,856,523,075	\$27,269,285	\$4,883,792,360	0
2019	\$4,667,105,535	\$25,149	\$39,637,005	\$4,627,493,679	\$26,245,630	\$4,653,739,309	0
2018	\$4,440,851,377	\$25,856	\$37,354,411	\$4,403,522,822	\$26,531,923	\$4,430,054,745	0
2017	\$4,244,393,695	\$651,184	\$33,823,178	\$4,211,221,701	\$23,668,704	\$4,234,890,405	0
2016	\$4,036,249,358	\$733,024	\$31,225,271	\$4,005,757,111	\$23,401,366	\$4,029,158,477	0

Source: Office of the Auditor Controller, County of San Diego

Assessed Value of Taxable Property

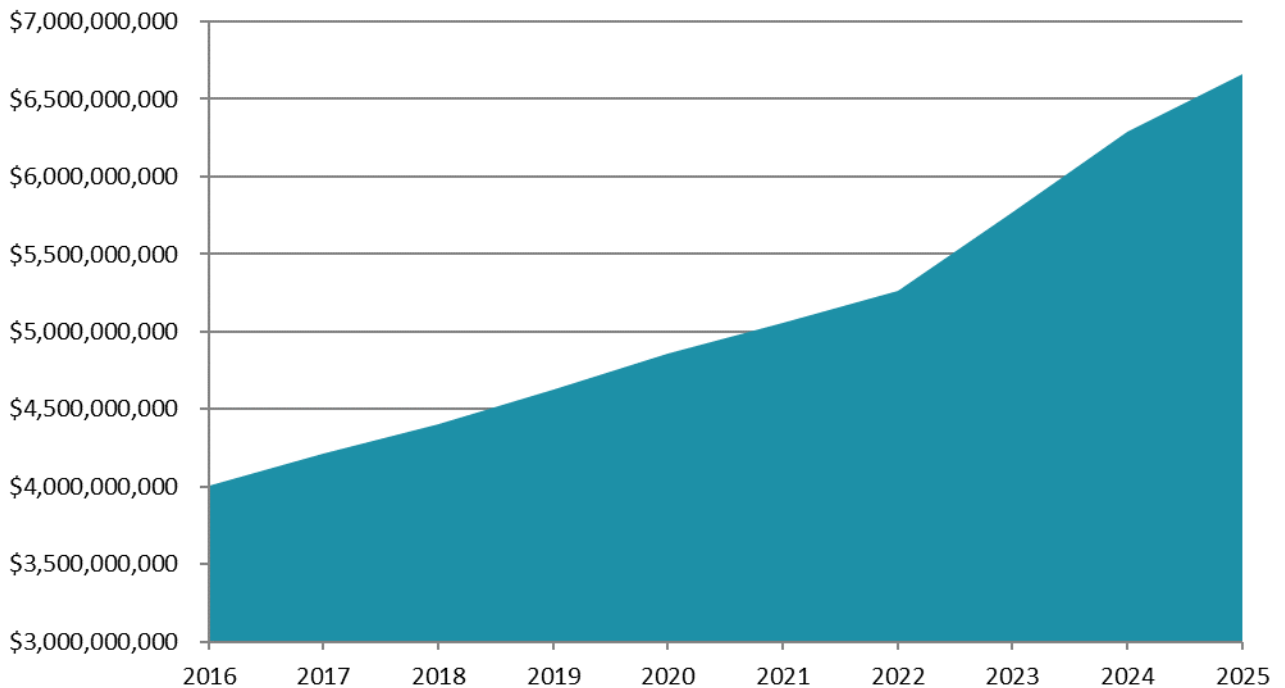


Table VI
Property Taxes and Assessment Levies and Collections⁽¹⁾ (Last Ten Fiscal Years)

Fiscal Year Ended	Levy			Total Collections ⁽³⁾	Net Delinquent ⁽⁴⁾	Percent Delinquent ⁽⁵⁾
	Property Taxes	Special Assessments ⁽²⁾	Total Levy			
2025	\$3,710,559	\$4,318,337	\$8,028,896	\$7,953,198	\$75,698	0%
2024	\$3,538,047	\$4,408,779	\$7,946,826	\$7,893,295	\$53,530	0%
2023	\$3,262,795	\$4,073,125	\$7,335,920	\$7,285,709	\$50,211	0%
2022	\$2,862,972	\$3,853,841	\$6,716,813	\$6,665,680	\$51,133	0%
2021	\$2,716,539	\$3,585,758	\$6,302,297	\$6,264,443	\$37,854	0%
2020	\$2,601,005	\$3,250,234	\$5,851,239	\$5,819,285	\$31,954	0%
2019	\$2,486,393	\$3,213,240	\$5,699,633	\$5,667,517	\$32,116	0%
2018	\$2,366,917	\$3,224,152	\$5,591,068	\$5,564,397	\$26,671	0%
2017	\$2,267,255	\$3,210,182	\$5,477,437	\$5,448,333	\$29,104	0%
2016	\$2,153,564	\$1,659,911	\$3,813,476	\$3,787,091	\$26,384	0%

(1) Percent delinquencies for assessments and property taxes are the same since they are both collected on one tax bill.

(2) Increase in 2017 is due to new annual assessment for the Woods Valley Ranch Water Reclamation Facility Expansion AD 2012-1 totaling \$1,713,781.

(3) Collections do not include miscellaneous adjustments.

(4) Net Delinquent includes uncollectible portion.

(5) Percent delinquent represents current secured only. Beginning in fiscal year 1993-94, the County of San Diego remits to the District 100% of the secured property taxes and special assessments assessed. The County of San Diego pursues collection of any remaining delinquencies through the Teeter Plan.

Source: Valley Center Municipal Water District and the Office of the Auditor Controller, County of San Diego

Property Tax Collections

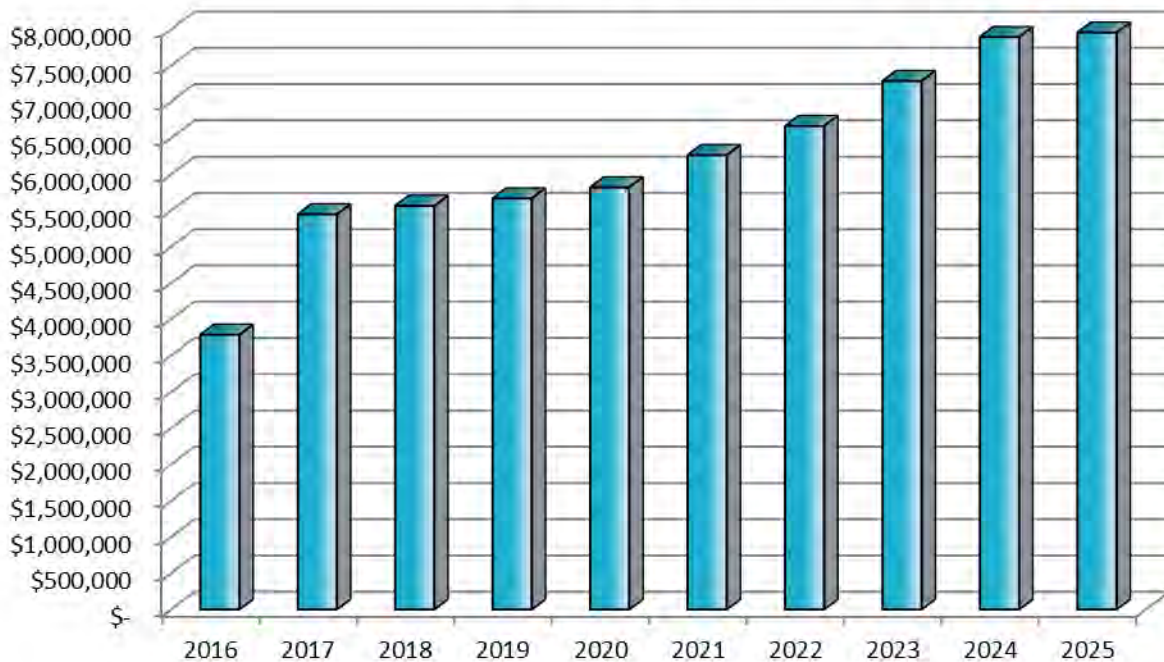


Table VII
Direct and Overlapping Bonded Debt ⁽¹⁾ (June 30, 2025)

2024-25 Assessed Valuation: \$6,894,566,618

	Total Debt 6/30/2025	% Applicable ⁽¹⁾	District's Share of Debt 6/30/25
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 17,155,000	0.169%	\$ 28,992
Palomar Pomerado Hospital District	381,893,263	5.809%	22,184,180
Palomar Community College District	611,941,649	4.044%	24,746,920
Escondido Union High School District	70,819,327	5.797%	4,105,396
Escondido Union School District	165,809,622	5.980%	9,915,415
Bonsall Unified School District	8,712,480	3.827%	333,427
Valley Center-Pauma USD Community Facilities District No. 2003-1	4,510,000	100.000%	4,510,000
City of Escondido	43,425,000	0.030%	13,028
Valley Center Municipal Water District	0	100.000%	0
Valley Center Municipal Water District Community Facilities District No. 2020-1	5,355,000	100.000%	5,355,000
Valley Center Municipal Water District Assessment District No. 2012-1	3,625,000	100.000%	3,625,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 74,817,358</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$ 351,065,000	0.930%	\$ 3,264,905
San Diego County Pension Obligation Bonds	140,370,000	0.930%	1,305,441
San Diego County Superintendent of Schools Certificates of Participation	5,125,000	0.930%	47,663
Palomar Community College District Certificates of Participation	1,030,000	4.044%	41,653
Bonsall Unified School District Certificates of Participation	5,712,200	3.827%	218,606
Escondido Union High School District Certificates of Participation	42,510,000	5.797%	2,464,305
Escondido Union School District Certificates of Participation	26,531,150	5.980%	1,586,563
City of Escondido Certificates of Participation	1,935,000	0.030%	581
Valley Center Fire District General Fund Obligations	2,937,880	98.029%	2,879,974
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>\$ 11,809,691</u>
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			<u>\$86,627,049</u>
COMBINED TOTAL DEBT			<u>\$86,627,049</u>

Ratios to Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.09%
Combined Total Debt	1.26%

2024-25 TYPICAL TOTAL TAX RATE (TRA 94-075): 1.05635

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the water district divided by the overlapping district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Table VIII
Property Owners by Highest Cumulative Net Assessed Property Value (Current Fiscal Year)

Fiscal Year Ended June 30, 2025			Fiscal Year Ended June 30, 2016		
Property Owner	Cumulative Net Assessed Value	Percent of Total Net Assessed Value	Property Owner	Cumulative Net Assessed Value	Percent of Total Net Assessed Value
Welk Resort Platinum Owners Assoc.	\$64,123,871	0.93%	Welk Resort Platinum Owners Assoc.	\$57,794,221	1.43%
Pacifica Champagne Lakes LLC	23,669,100	0.34%	Bell Holdings LLC	11,687,121	0.29%
Welk Resort Properties Inc.	13,387,917	0.19%	Welk Resort Properties Inc.	11,629,544	0.29%
Welk Mountain Villas Inc.	10,072,398	0.15%	Welk Resort Group Inc.	10,355,999	0.26%
Skyline Ranch Country Club LLC	10,035,227	0.15%	San Pasqual Band of Mission Indians	9,610,028	0.24%
Welk Resort Group Inc.	9,578,112	0.14%	Welk Mountain Villas Inc.	8,216,619	0.20%
San Pasqual Economic Dev. Corp.	8,670,000	0.13%	Skyline Ranch Country Club LLC	7,917,397	0.20%
Steven Gardella Jr Trust 07-08-87	8,095,376	0.12%	Perricone California Properties	7,519,850	0.19%
McMillan Trust 11-09-05	8,021,799	0.12%	ATC Realty Sixteen Inc.	6,731,797	0.17%
Federal Boulevard Properties LLC	8,011,092	0.12%	Federal Boulevard Properties LLC	6,535,104	0.16%
Total Top Ten Property Owners	\$163,664,892	2.39%	Total Top Ten Property Owners	\$137,997,680	3.43%
Other Property Owners	\$6,730,901,726	97.61%	Other Property Owners	\$3,891,160,797	96.57%
Total Assessed Valuation	\$6,894,566,618	100.00%	Total Assessed Valuation	\$4,029,158,477	100.00%

Data Source: 2024 Master Property Records from San Diego County Used for 2024-25 Property Taxes.

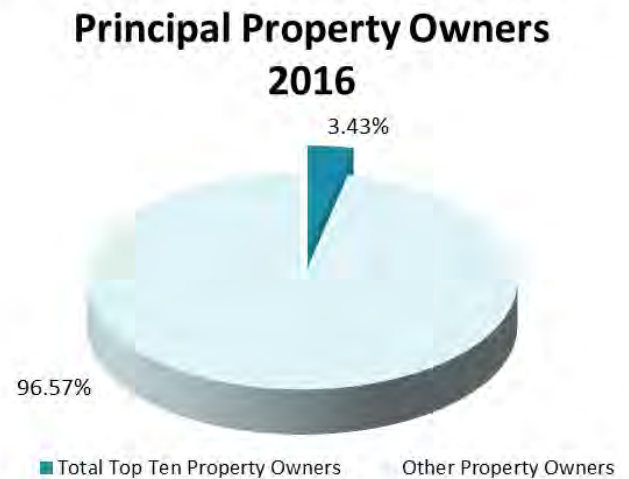
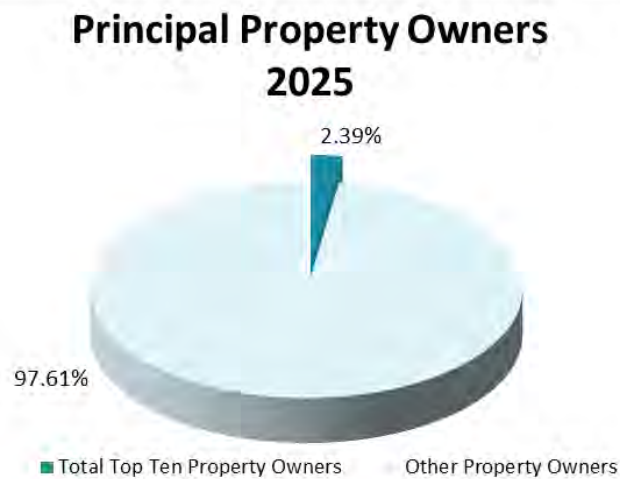


Table IX
Water Rates (Last Ten Fiscal Years)

Fiscal Year Ended ⁽¹⁾	Commodity Charge ⁽²⁾						Monthly Service Charge ⁽⁴⁾	
	Domestic			PSAWR ⁽³⁾				
	MWD/ SDCWA			MWD/ SDCWA				
	Wholesale	VCMWD	Total	Wholesale	VCMWD	Total	3/4" Meter	1" Meter ⁽⁵⁾
2025	\$2,809	\$293	\$3,102	\$1,901	\$293	\$2,193	\$51.28	\$69.30
2024	\$2,421	\$279	\$2,699	\$1,744	\$279	\$2,023	\$48.31	\$66.00
2023	\$2,199	\$273	\$2,472	\$1,606	\$273	\$1,879	\$47.46	\$64.84
2022	\$2,101	\$260	\$2,361	\$1,518	\$260	\$1,778	\$45.12	\$61.64
2021	\$2,012	\$246	\$2,258	\$1,467	\$246	\$1,713	\$42.77	\$58.43
2020	\$1,941	\$241	\$2,182	\$1,375	\$241	\$1,616	\$41.77	\$57.06
2019	\$1,884	\$232	\$2,116	\$1,320	\$232	\$1,552	\$39.93	\$54.55
2018	\$1,884	\$232	\$2,116	\$1,320	\$232	\$1,552	\$39.93	\$54.55
2017	\$1,827	\$221	\$2,048	\$1,277	\$221	\$1,498	\$39.93	\$54.55
2016	\$1,714	\$201	\$1,915	\$1,182	\$201	\$1,383	\$36.30	\$49.59

(1) Rate as of January 1.

(2) Excludes pumping charges.

(3) Permanent Special Agricultural Water Rate effective January 1, 2021. Initially implemented by SDCWA on January 1, 2009 as the Transitional Special Agricultural Water Rate.

(4) Excludes SDCWA Infrastructure Access Charge.

(5) Larger meters are multiples of the charge for a 1" meter.

Source: Valley Center Municipal Water District

Water Rates

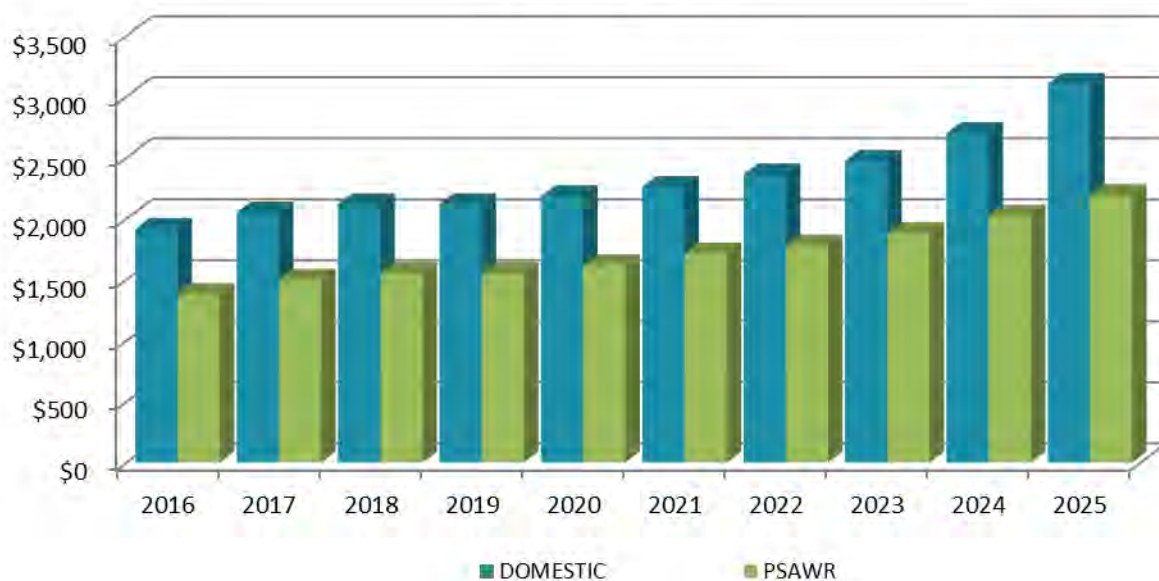


Table X
Wastewater Rates⁽²⁾ (Last Ten Fiscal Years)

Fiscal Year Ended	Lower Moosa Canyon WRF ⁽¹⁾			Woods Valley Ranch WRF ⁽⁴⁾	
	Service Charge	Low Pressure Collection System	Capital Improvement ⁽³⁾	Service Charge	Grinder Pump Maintenance ⁽⁵⁾
2025	\$64.86	\$53.52	\$12.00	\$98.60	\$50.93
2024	\$61.72	\$50.93	\$12.00	\$98.60	\$50.93
2023	\$61.72	\$50.93		\$98.60	\$48.42
2022	\$58.67	\$48.42		\$98.60	\$48.42
2021	\$57.80	\$47.70		\$98.60	\$47.70
2020	\$56.45	\$46.58		\$98.60	\$46.58
2019	\$56.45	\$46.58		\$98.60	\$46.58
2018	\$56.45	\$46.58		\$98.60	\$44.36
2017	\$53.76	\$44.36		\$98.60	
2016	\$51.20	\$42.25		\$98.60	

(1) Rate as of January 1.

(2) Rates are per month/equivalent dwelling unit (EDU).

(3) The Capital Improvement charge at Moosa was first implemented January 1, 2024.

(4) Rates as of July 1 as they are collected on each owner's property tax bill.

(5) The Grinder Pump Maintenance charge was first implemented on July 1, 2017.

Source: Valley Center Municipal Water District

Wastewater Rates

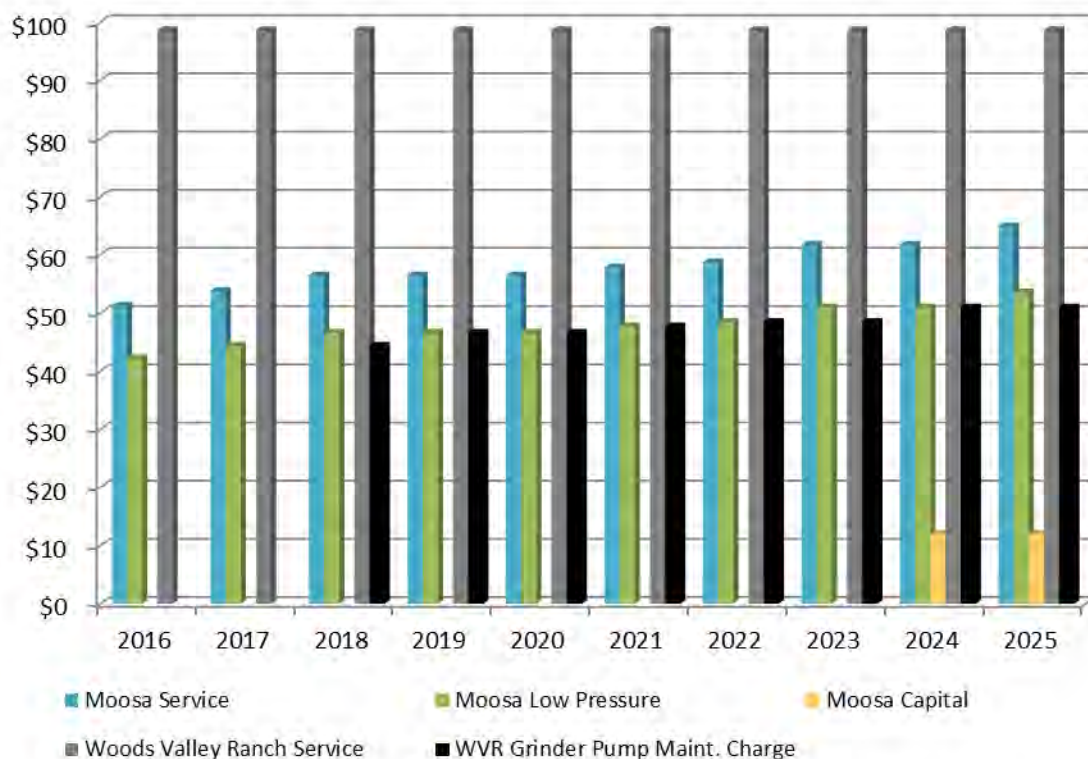


Table XI
Wastewater Services

Fiscal Year Ended ⁽¹⁾	Lower Moosa Canyon WRF (EDU's ²)				Woods Valley Ranch WRF (EDU's ²)				Grand Total
	Domestic	Commercial	Other	Total	Domestic	Commercial	Other	Total	
2025	2,373	99	2	2,474	939	41	4	984	3,458
2024	2,372	99	2	2,473	933	39	4	976	3,449
2023	2,396	100	1	2,497	875	38	4	917	3,414
2022	2,393	100	1	2,494	626	32	4	662	3,156
2021	2,388	100	2	2,490	353	33	3	389	2,879
2020	2,388	87	2	2,477	295	27	-	322	2,799
2019	2,383	84	2	2,469	274	19	-	293	2,762
2018	2,384	79	2	2,465	270	15	-	285	2,750
2017	-	-	-	2,463	-	-	-	279	2,742
2016	-	-	-	2,476	-	-	-	271	2,747

(1) Enterprise Resource Planning (ERP) upgrade was implemented during FY 2017. Detailed customer type data is only available beginning FY 2018 as the legacy software did not track this information.

(2) Equivalent Dwelling Units.

Source: Valley Center Municipal Water District

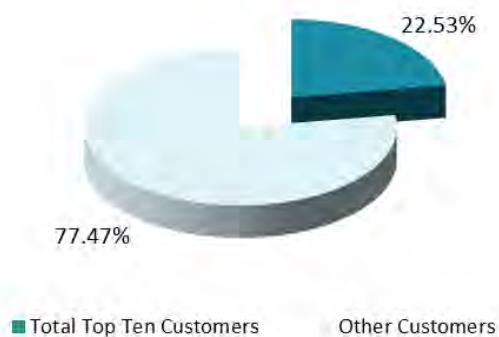


Table XII
Principal Water Customers

Fiscal year ended June 30, 2025			Fiscal year ended June 30, 2016		
Customer	Usage in Acre Feet	Percent of Water Sold	Customer	Usage in Acre Feet	Percent of Water Sold
Harold Investments LP	630.6	4.54%	Grandon Ranch Corp.	617.5	3.36%
2K Commercial CDV LLC	542.1	3.90%	Coykendall, H. C. J.	505.7	2.75%
BSTCO	400.8	2.89%	Harlan Beck & Associates	493.7	2.69%
Jackson Ranch LLC	361.2	2.60%	BSTCO	450.2	2.45%
A-1 Sunshine Farms	294.8	2.12%	Stehly, N. J. C.	324.8	1.77%
Rancho Sereno	241.4	1.74%	Rancho Erico	274.2	1.49%
W A Grant II	181.7	1.31%	Sundance Natural Foods	268.3	1.46%
Rancho Erico	160.5	1.16%	Rancho Sereno	255.8	1.39%
San Pasqual Band of Mission Indians	156.5	1.13%	Golden Park Ranch	224.4	1.22%
E Holtz	158.3	1.14%	Fallbrook Venture One	214.0	1.16%
Total Top Ten Customers	3,127.9	22.53%	Total Top Ten Customers	3,628.6	19.74%
Other Customers	10,756.8	77.47%	Other Customers	14,740.8	80.26%
Total Water Sales	13,884.7	100.00%	Total Water Sales	18,369.4	100.00%

Source: Valley Center Municipal Water District

Principal Water Customers
2025



Principal Water Customers
2016

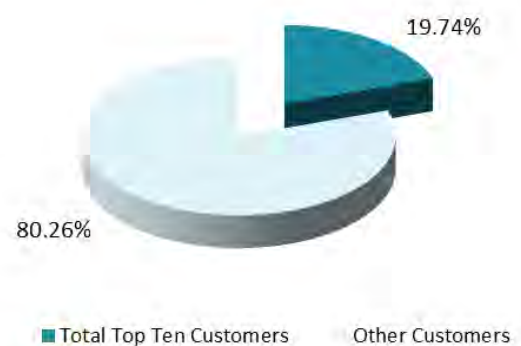


Table XIII
Ratios of Outstanding Debt by Type (Last Ten Fiscal Years)

Fiscal Year Ended	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾	Notes Payable SRF Loan	Financing Loan Agreement ⁽³⁾	Lease Payable ⁽⁴⁾	Total	Percentage of Personal Income ⁽⁵⁾	Per Capita ⁽⁵⁾
2025	-	-	\$26,470,847	\$0	\$46,450	\$26,517,297	1.11%	\$879
2024	-	-	\$19,849,405	\$0	\$91,526	\$19,940,931	0.84%	\$663
2023	-	-	\$21,163,845	\$0	\$135,186	\$21,299,031	0.96%	\$711
2022	-	-	\$22,451,002	\$11,114	\$42,777	\$22,504,893	1.04%	\$758
2021	-	-	\$23,711,447	\$27,081	-	\$23,738,528	1.31%	\$886
2020	-	-	\$24,945,739	\$39,349	-	\$24,985,088	1.41%	\$876
2019	-	-	\$25,809,665	\$58,943	-	\$25,868,608	1.70%	\$1,004
2018	-	-	\$26,753,731	\$78,537	-	\$26,832,268	1.83%	\$1,042
2017	-	-	\$23,029,735	\$98,130	-	\$23,127,865	1.64%	\$902
2016	-	-	\$7,679,830	\$117,724	-	\$7,797,554	0.57%	\$304

(1) The District has had no General Obligation Bonded Debt since 1999.

(2) The District has had no Revenue Bonds since 2012.

(3) Financing Loan Agreements consist of two unsecured, non-interest bearing loan agreements with San Diego Gas & Electric. The final payment on the outstanding loans was made in Fiscal Year 2022.

(4) In Fiscal Year 2022 the District recorded a Lease Payable for the right-to-use a leased asset known as the Palomar repeater site.

(5) See Table XIV for personal income and population data.

Source: Valley Center Municipal Water District

Table XIV
Pledged-Revenue Coverage (Last Ten Fiscal Years)

Fiscal Year Ended	Operating Revenues ⁽¹⁾	Nonoperating Revenues ⁽¹⁾	Gross Revenues	Less: Operating Expenses ⁽¹⁾⁽²⁾	Net Available Revenues	Debt Service			Coverage Ratio ⁽³⁾
						Principal	Interest	Total	
2025	\$51,878,795	\$7,250,420	\$59,129,215	\$49,872,184	\$9,257,031	\$1,387,383	\$556,398	\$1,943,781	4.76
2024	\$41,489,237	\$6,987,209	\$48,476,446	\$41,212,515	\$7,263,931	\$1,356,863	\$496,041	\$1,852,904	3.92
2023	\$42,271,331	\$6,402,775	\$48,674,106	\$46,262,000	\$2,412,106	\$1,308,100	\$467,225	\$1,775,325	1.36
2022	\$47,998,861	\$3,584,348	\$51,583,209	\$44,592,666	\$6,990,543	\$1,275,618	\$489,687	\$1,765,305	3.96
2021	\$48,763,389	\$4,316,699	\$53,080,088	\$46,579,870	\$6,500,218	\$1,252,207	\$514,995	\$1,767,202	3.68
2020	\$41,469,459	\$4,362,747	\$45,832,206	\$42,481,338	\$3,350,868	\$1,211,612	\$539,660	\$1,751,272	1.91
2019	\$41,448,560	\$4,199,475	\$45,648,035	\$41,352,704	\$4,295,331	\$1,182,874	\$557,983	\$1,740,857	2.47
2018	\$50,108,564	\$3,673,774	\$53,782,338	\$47,989,798	\$5,792,540	\$1,108,980	\$540,037	\$1,649,017	3.51
2017	\$43,310,872	\$3,321,123	\$46,631,995	\$40,374,658	\$6,257,337	\$19,594	\$238,935	\$258,529	24.20
2016	\$39,047,075	\$3,195,194	\$42,242,269	\$37,875,992	\$4,366,277	\$19,594	\$47,272	\$66,866	65.30

(1) See Table II

(2) Operating expenses excluding depreciation.

(3) Coverage ratio decreased dramatically in Fiscal Year 2018 because the District's debt payments increased significantly.

See Table XII, Notes 2 – 4.

Source: Valley Center Municipal Water District

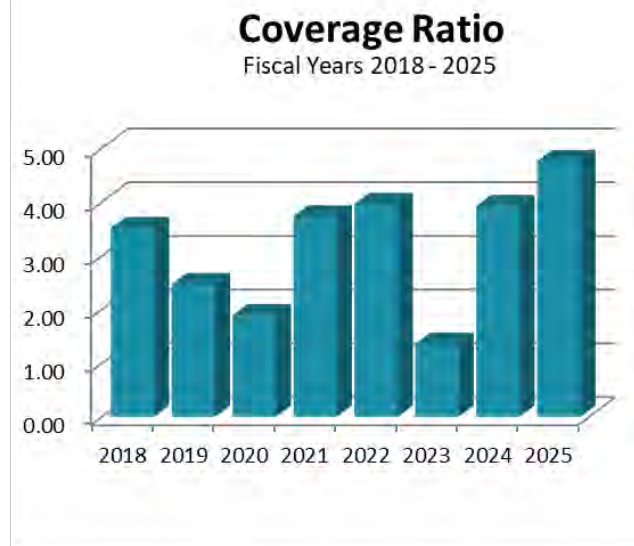
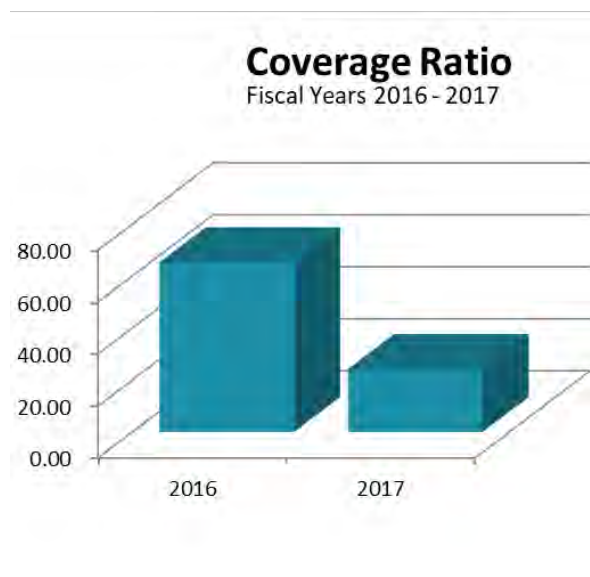


Table XV
Demographic and Economic Statistics (Last Ten Fiscal Years)

Fiscal Year Ended	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2025	30,166	\$2,386,794,000	\$79,122	2.7%
2024	30,079	\$2,379,911,000	\$79,122	2.6%
2023	29,938	\$2,229,662,000	\$74,476	2.3%
2022	29,708	\$2,171,179,000	\$73,084	2.3%
2021	26,780	\$1,809,498,000	\$67,569	3.2%
2020	28,507	\$1,768,774,000	\$62,047	6.4%
2019	25,766	\$1,520,555,000	\$59,014	3.5%
2018	25,760	\$1,467,521,000	\$56,969	3.1%
2017	25,630	\$1,411,547,000	\$55,074	2.3%
2016	25,608	\$1,366,366,000	\$53,357	3.6%

- (1) Beginning FYE 2022, population estimate is based on data from the 2020 federal census. This figure was also used for the Division Boundary Reapportionment that was approved in April 2022. The FYE 2021 population estimate is based on SanDAG Series 14 Regional Growth Forecast (Version 17). The FYE 2020 population estimate is based on ESRI Demographics. Prior to that, years 2013 - 2019 were estimated by VCMWD using average household size estimated by SanDAG.
- (2) Calculated using the estimated per capita personal income.
- (3) Per capita personal income estimated using San Diego-Carlsbad Metropolitan Statistical Area (MSA), a close approximation of the VCMWD area. U.S. Department of Commerce, Bureau of Economic Analysis, St. Louis Federal Reserve Economic Data (FRED). Data for 2025 was not updated at the time of this report. The most recent available Data is for Calendar Year 2023.
- (4) Source: State of California Employment Development Department for the Valley Center Census Designated Place (CDP) which is a close approximation of the VCMWD area.

Source: Valley Center Municipal Water District except as noted.

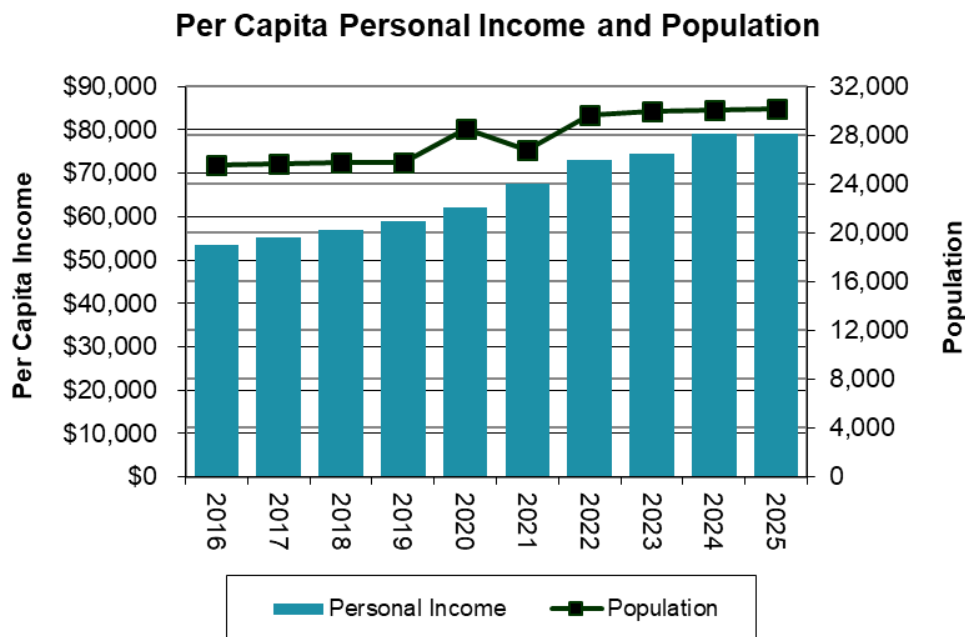


Table XVI
Principal Employers – County of San Diego (Current Fiscal Year and Nine Years Prior)

Fiscal year ended June 30, 2024 ⁽¹⁾				Fiscal year ended June 30, 2015 ⁽²⁾			
Employer	Rank	# of Employees	% of Total Employment	Employer	Rank	# of Employees	% of Total Employment
University of California, San Diego	1	35,802	2.37%	State of California	1	40,100	2.57%
Sharp Healthcare	2	19,468	1.29%	University of California, San Diego	2	29,287	1.88%
County of San Diego	3	17,954	1.19%	Federal Government	3	24,200	1.55%
City of San Diego	4	11,820	0.78%	U.S. Department of Defense	4	21,500	1.38%
General Atomics	5	6,745	0.45%	County of San Diego	5	20,100	1.29%
San Diego State University	6	6,454	0.43%	Sharp Healthcare	6	16,846	1.08%
Rady Children's Hospital-San Diego	7	5,711	0.38%	Scripps Health	7	14,644	0.94%
San Diego Community College Dist.	8	5,400	0.36%	Qualcomm	8	13,500	0.87%
Sempra Energy	9	5,063	0.34%	City of San Diego	9	10,584	0.68%
YMCA of San Diego County	10	5,057	0.33%	Kaiser San Diego Medical Center	10	7,535	0.48%
Total Top Ten		<u>119,474</u>	7.92%	Total Top Ten		<u>198,296</u>	12.71%
2024 Total Number employed in San Diego County		<u>1,510,700</u>		2015 Total Number employed in San Diego County		<u>1,559,629</u>	

(1) 2024 Source: Courtesy of County of San Diego, Fiscal Year 2025 Information not available at time of publication. The Naval Base was excluded.

(2) 2015 Source: Fiscal Year 2014-2015 ACFR Table XV.

Table XVII
Number of Employees (Last Ten Fiscal Years)

	Full-Time-Equivalent Employees Authorized as of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Pumping	4.36	4.60	4.85	4.88	5.07	4.15	4.43	3.63	4.20	3.58
Water Systems Operations	30.48	29.60	30.40	29.46	29.36	30.30	29.99	28.94	28.51	28.69
Wastewater Collection and Treatment	8.24	7.62	6.95	6.75	7.18	7.03	7.28	6.66	6.39	5.57
Engineering	9.14	10.55	10.00	9.27	9.27	8.75	8.35	8.80	8.60	8.80
General and Administrative	14.68	13.45	13.35	14.35	13.65	13.00	11.00	10.00	10.00	11.00
Capital Outlay ⁽¹⁾	4.36	5.21	4.24	3.27	3.55	4.05	3.24	3.03	4.32	3.71
Developer Projects ⁽²⁾	1.74	1.97	2.21	2.02	1.92	2.72	1.71	0.94	0.98	0.65
Total Employees	73.00	73.00	72.00	70.00	70.00	70.00	66.00	62.00	63.00	62.00
Average Years of Service	11.89	11.40	11.61	11.97	13.34	13.87	15.00	15.44	15.30	15.90

(1) Capitalized into construction in progress.

(2) Charged to work in progress for others.

Source: Valley Center Municipal Water District

Employees

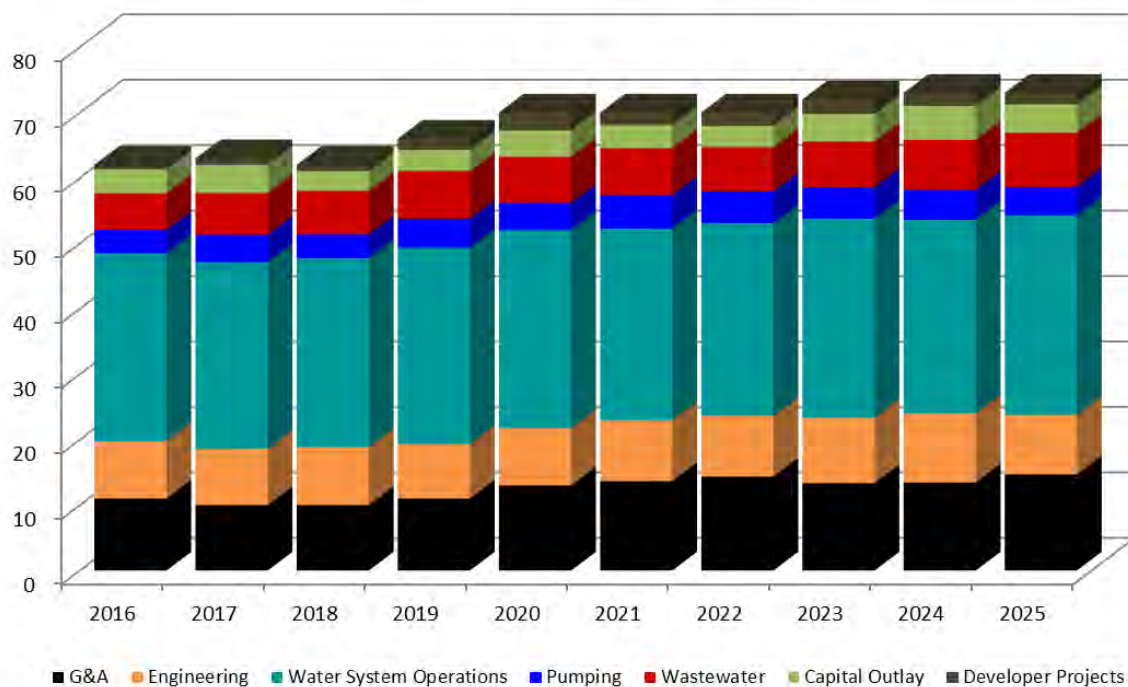


Table XVIII
Operating and Capital Indicators (Last Ten Fiscal Years)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Water:										
Service area (acres)	64,293	64,293	64,293	64,293	64,293	64,559	64,557	64,540	64,540	64,540
Miles of water main (8 inches and larger) ⁽¹⁾	341	341	341	339	335	333	333	332	332	301
Number of enclosed reservoirs	40	40	40	40	40	41	41	42	43	43
Capacity of enclosed reservoirs (AF)	431	431	431	431	431	428	433	433	433	421
Number of open reservoirs (emergency water only)	1	1	1	1	1	1	1	1	1	1
Capacity of open reservoirs (AF)	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612
Number of pump stations	29	29	29	29	29	29	29	29	29	29
Number of pumps	105	105	105	105	105	105	105	105	105	106
Total pump capacity (horsepower)	19,960	19,960	19,960	19,960	19,960	19,960	19,960	19,960	19,960	20,310
Number of service connections	12,792	12,720	12,555	12,002	11,401	11,212	11,081	11,027	10,907	10,836
Number of meters in service	11,854	11,813	11,656	11,116	10,503	10,309	10,222	10,163	10,086	9,976
Production peak (m.g.d.)	36.13	28.90	35.20	44.50	34.74	37.73	42.58	41.48	39.90	42.00
Average production (m.g.d.)	13.27	11.08	12.20	14.46	17.10	14.13	15.32	20.11	18.06	17.57
Total rainfall (inches)	8.24	20.84	25.15	10.35	7.67	22.25	20.39	6.29	21.32	11.98
Average daily temperature (F.)	63.23	62.00	62.67	63.50	62.75	62.25	61.80	63.25	61.83	62.75
Electricity purchased (1,000 kWh)	5,558	6,872	7,518	7,147	6,416	5,636	6,414	9,608	6,997	7,344
Natural gas purchased (1,000 therms)	491	351	398	523	760	637	660	729	786	591
Mainline repairs	18	25	20	15	21	23	21	23	21	22
Wastewater:										
Miles of sewer lines ⁽¹⁾	49	49	48	47	42	41	38	38	37	57
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum capacity of treatment plants (m.g.d.)	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.57	0.57
Average dry weather flow (m.g.d.)	0.45	0.48	0.42	0.40	0.37	0.37	0.39	0.37	0.36	0.33
Number of sewer connections	3,458	3,449	3,414	3,165	2,888	2,799	2,762	2,750	2,742	2,761

AF - Acre feet

m.g.d. - Million gallons per day

Source: Valley Center Municipal Water District

(1) The methodology for estimating the Miles of water main and Miles of sewer lines was changed during Fiscal Year Ended June 30, 2017, when the District began using Esri's ArcGIS mapping software.

VALLEY CENTER MUNICIPAL WATER DISTRICT EMPLOYEES 2024-25

PAUL ADRIAN	MATTHEW GOSWICK	THANG PHAM
JULIAN ALVAREZ	WALLY GRABBE	ANDO PILVE
JAMES AMADOR MENDIVIL	MICHELLE HEIDEMANN	MICHAEL POWERS
GARY ARANT	CLARENCE LEE HICKS	JAMES PUGH
ALEJANDRA BARRETO VALENZUELA	ANDREW HUERTA	CLIFFORD REEH
RICHARD BEATH	RYAN HUGHES	RYAN REEH
GARRETT BRANDENBURG	CORAL HUTCHINS	ROY RUTHERFORD
LEONARD BROWN	TONY JACQUEZ	PAYTON RUTHERFORD
RONALD BURKE	CHRISTOPHER KRATZ	AURORA SANCHEZ
FERNANDO CARRILLO	STEPHANIE LACKERDAS	BRENNAN SCOTT
DANIELLE CATTANEO	BENJAMIN LAWSON	JULEE SCOTT
JOSIAH CRESPO	FERNANDO LEON MARTINEZ	JAMES SEDILLO
RON DARLAND	BRIAN LOVELADY	DANIEL SHUBIN
CORT DAY	JESSICA LOVELADY	MOSES SHUBIN
EDUARDO DE ALBA	NIKOLAY LYUBER	BRAYDEN STANSEL
MARIO DE ALBA	RYAN MADSON	PAUL STEHLY
GABRIEL DE LA CRUZ	JAMIE MARTINEZ	JARED THOMAS
ROMAN DE MANRIQUEZ	MARLENE MARTINEZ	BLAKE TOTH
BRANDON DENDY	WILLIAM MORRIS	ASHLYN VAN HOUTEN
KARL DAVID FRANK GUNNARSON	ISMAEL NAVARRO	VANESSA VELASQUEZ
ENRIQUE GARCIA	ALISA NICHOLS	ANNELISE VILLALOBOS
RODOLFO GARCIA	JAMES NICHOLS	JACOB VILLALOBOS
BEATRIZ GARNICA	MICHAEL NICHOLS	DUSTIN WINGROVE
MARIO CORTES GARRATACHEA	JESON NIKRASCH	GRETCHEN YOUNG
DOMINGO GONZALEZ	GABRIELA OLSON	MICHAEL YOUNG
ERIK GONZALEZ	KIRSTEN PERAINO	

For additional copies contact:

Valley Center Municipal Water District
Post Office Box 67
Valley Center, California
Telephone (760) 735-4500
Facsimile (760) 749-6478

Visit us on the Internet at:

www.valleycenterwater.org

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Valley Center Municipal Water District

29300 Valley Center Road · P.O. Box 67 · Valley Center, California 92082

(760) 735-4500 · www.valleycenterwater.org · e-mail vcwater@valleycenterwater.org

DATE: December 1, 2025

TO: Honorable President and Members of the Board of Directors

FROM: Lindsay Leahy, General Manager

SUBJECT: REQUEST APPROVAL TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH INTERFACE AUTOMATION FOR THE HMI SOFTWARE UPGRADE AT THE WOODS VALLEY RANCH WATER RECLAMATION FACILITY

PURPOSE:

Request the Board of Directors adopt Resolution No. 2025-31 authorizing the General Manager or her designee to enter into a Professional Services Agreement with Interface Automation in the amount of \$75,000 for HMI software upgrade services at the Woods Valley Ranch Water Reclamation Facility.

SUMMARY:

The Woods Valley Ranch Water Reclamation Facility's existing Human-Machine Interface ("HMI") software requires an upgrade to match the web-based Ignition Perspective platform being used for the wastewater system at the Lower Moosa Canyon WRF (Moosa) to provide operators with the same, consistent operational interface capabilities. The District's HMI software for the water system is also being upgraded to the same platform. This leaves the Woods Valley Ranch WRF as the only remaining system not utilizing Ignition Perspective.

The District requested two proposals for this HMI upgrade, one from Interface Automation ("IA") (the original system integrator for the Woods Valley ranch WRF) and one from Enterprise Automation (the integrator selected for upgrading the water system HMI software). Staff is recommending the contract be awarded to Interface Automation.

Proposal Summary	
Interface Automation	\$75,000
Enterprise Automation	\$325,272

Interface Automation is uniquely qualified to perform the upgrade due to their direct knowledge of the system architecture, programming, and configuration standards. Engaging the original system integrator will ensure technical continuity, reduce downtime, and enhance project efficiency. Interface Automation originally configured the current HMI software at the Woods Valley Ranch Facility, utilizing the earlier version of Ignition, and later upgraded the Moosa Facility from Wonderware to Ignition Perspective.

Although the District's Administrative Code generally requires obtaining a minimum of three quotes for professional services, staff recommends proceeding directly with Interface Automation due to their prior involvement and system familiarity.

FISCAL IMPACT:

Funding for the project is included in the FY 2025-2026 Annual Budget and is sufficient for awarding the professional service agreement to Interface Automation. The following summary of the project budget shows a line item adjustment for this work that will result in a significant savings that can be reallocated to other projects.

HMI Upgrade – Woods Valley Ranch WRF			
Project Budget	Total Project Budget	Line Item Reallocation	Proposed Project Budget
Engineering Staff	17,000	18,000	35,000
IT/SCADA Staff	28,000	2,000	30,000
Integration Consultant	330,000	(255,000)	75,000
Hardware/Software	20,000	5,000	25,000
Miscellaneous	5,000	10,000	15,000
Contingency (22%)	40,000	0	40,000
Available for Reallocation		220,000	220,000
Total Project	\$440,000	\$0	\$440,000

RECOMMENDATION:

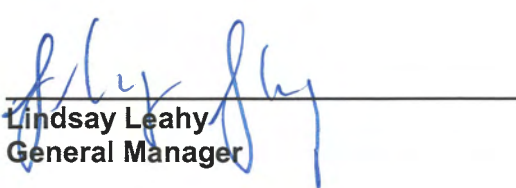
Staff recommends that the Board of Directors adopt Resolution No. 2025-31, authorizing the General Manager or her designee to enter into a Professional Services Agreement with Interface Automation in the amount of \$75,000 for the HMI software upgrade at the Woods Valley Ranch Water Reclamation Facility.

PREPARED BY:



Wally Grabbe, PE
District Engineer

SUBMITTED BY:



Lindsay Leahy
General Manager

Attachments:

Resolution No. 2025-31
Interface Automation Proposal

RESOLUTION NO. 2025-31

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING A PROFESSIONAL SERVICES AGREEMENT
WITH INTERFACE AUTOMATION FOR THE HMI SOFTWARE UPGRADE
AT THE WOODS VALLEY RANCH WATER RECLAMATION FACILITY**

WHEREAS, the Valley Center Municipal Water District (“District”) operates and maintains the Woods Valley Ranch Water Reclamation Facility (“Facility”) to provide reliable wastewater treatment service to the community;

WHEREAS, the Facility’s existing Human-Machine Interface (“HMI”) software requires an upgrade to match the HMI software (Ignition Perspective) being used for the Lower Moosa Canyon Water Reclamation Facility and for the water system.

WHEREAS, two proposal were requested and received for the proposed project with the following results:

Proposal Summary	
Interface Automation	\$75,000
Enterprise Automation	\$325,272

WHEREAS, Interface Automation originally configured the HMI software for the Facility and possesses direct knowledge of the system architecture, programming, and configuration standards, making them uniquely qualified to perform the software upgrade;

WHEREAS, engaging the original system integrator will ensure technical continuity, reduce downtime, and enhance project efficiency;

WHEREAS, although the District’s Administrative Code generally requires obtaining a minimum of three quotes for professional services, staff recommended proceeding directly with Interface Automation due to their prior involvement and system familiarity; and

WHEREAS, sufficient funds for this work are available within the approved budget for the Woods Valley Ranch Water Reclamation Facility Capital Improvements Program.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. The Board finds and determines that the foregoing recitals are true and correct.
2. The Board hereby approves entering into a Professional Services Agreement with Interface Automation in the amount of \$75,000 for the HMI Software Upgrade at the Woods Valley Ranch Water Reclamation Facility.
3. The General Manager, or her designee, is authorized and directed to execute the Professional Services Agreement on behalf of the District, with total compensation not to exceed \$75,000, without further Board action.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Valley Center Municipal Water District held on the 1st day of December 2025, by the following vote:

Enrico Ferro, *President*

ATTEST:

Coral Williams, *Acting Board Secretary*

November 24, 2025

945 Delaware St.
Imperial Beach, CA 91932
TEL (619) 503-0345

SCADA Upgrade Project Proposal

Scope:

- Convert Woods Valley Ignition from Vision to Perspective
- Add Woods Valley project to Moosa gateway.
- Bring all features of Woods to Moosa project and vice versa.
 - Report Selection (Woods to Moosa)
 - Redundancy (Woods to Moosa)
 - Notification with SMS and Voice as backup (Woods to Moosa)
 - Alarm enables and notification with delay setpoint (Moosa to Woods)

Experience:

- Olivenhain Municipal Water District, 4S Water Reclamation Facility
 - Complete SCADA upgrade from Ignition 7.9 to 8.1, all screens were recreated in Perspective
- Olivenhain Municipal Water District, David C. McCollum Water Treatment Plant
 - Complete SCADA upgrade from Ignition 7.9 to 8.1, all screens were recreated in Perspective
- Olivenhain Municipal Water District, Distribution System
 - Complete SCADA upgrade from Ignition 7.9 to 8.1, all screens were recreated in Perspective
- Olivenhain Municipal Water District, David C. McCollum Water Treatment Plant
 - Replace ControlNet communications with Ethernet I/P
- Globe Machine Manufacturing, Huber Engineered Wood
 - Design PLC panels, LCP panels, remote I/O panels using Ethernet I/P.
 - Program all logic for entire OSB finishing line.
 - Created HMI's using Aveva InTouch.
- Valley Center Municipal Water District, Moosa WWTP:
 - Complete SCADA upgrade from Wonderware to Ignition 8.1, all screens were created in Perspective along with PLC upgrade with distributed I/O.
- US Beverage Packers (Arizona Iced Tea) Keasbey, New Jersey:
 - Sub-contractor of Vertech
 - New SCADA system using Ignition 8.0 and PLC with distributed I/O for batch processing, storage, and CIP.
- Valley Center Municipal Water District, Woods Valley Ranch WRF:
 - Complete unfinished SCADA work using Ignition 7.9, where another Integrator left off.

Schedule:

- Estimated start date February 1, 2026.
- Estimated completion date: May 15, 2026

Additional Scope Clarifications:

- Ignition SCADA software to be provided by VCMWD.
- SCADA server or virtual machine with Windows OS to be provided by VCMWD.
- Ethernet communications to and from SCADA server or virtual machine to each PLC to be provided by VCMWD.
- Microsoft SQL server for historian to be provided by VCMWD.

Interface Automation Exclusions and Exceptions:

- Any other material or labor that is not explicitly mentioned above as being provided.

Terms of Sale:

- These prices are valid for 60 days.
- Monthly payments of actual work performed: Net 30
- All quotes are subject to price change due to scope change, additions, and vendor/market impacts beyond our control.
- FOB: Interface Automation.

Options:

- A. HMI upgrade only (looks and feels like Moosa)
- B. HMI upgrade and re-do PLC program just like Moosa)

Option A Total Lump Sum Price, Not-to-Exceed: \$65,000.00

Option B Total Lump Sum Price, Not-to-Exceed: \$75,000.00

Regards,

Richard Torres
Interface Automation

December 1, 2025

TO: Honorable President and Board of Directors

FROM: Lindsay Leahy, *General Manager*

**SUBJECT: San Diego Local Agency Formation Commission Special Districts
Advisory Committee Call for Ballots**

PURPOSE:

To request the Board of Directors approve the recommended selection of candidates and cast an election ballot for the San Diego Local Agency Formation Commission (LAFCO) Special Districts Advisory Committee (SDAC).

SUMMARY:

Nominations for the SDAC were solicited by LAFCO in October and Valley Center Municipal Water District (District) nominated General Manager, Lindsay Leahy.

On November 12, 2025, LAFCO issued a Call for Ballots for the election to the SDAC (see attached) to all 58 Independent Special Districts in San Diego County. The SDAC Call for Ballots includes the resumes and qualifications of ten candidates nominated from San Diego County special districts. There are seven open seats to be filled in the SDAC election.

Board President Ferro reviewed the candidates and recommends the following seven candidates for their experience and qualifications to best represent special districts' interests through the SDAC and the completed Election Ballot and Vote Certification form (attached) be approved by the full Board:

Name	District
Mike Sims	Bonita-Sunnyside Fire Protection District
James Gordon	Deer Springs Fire Protection District
Jack Bebee	Fallbrook Public Utility District
Lindsay Leahy	Valley Center Municipal Water District
Albert C. Lau	Santa Fe Irrigation District
Kimberly Thorner	Olivehain Municipal Water District
David McQuead	Rancho Santa Fe Fire Protection District

The Election Ballot and Vote Certification form must be signed by the Board President and submitted to LAFCO by the December 22, 2025 deadline.

RECOMMENDATIONS:

After review and discussion, staff recommends the Board approve Board President Ferro's recommended seven selected candidates and direct staff to submit the Election Ballot and Vote Certification by the stated deadline.

PREPARED BY:



Alisa Nichols
*Special Projects &
Regulatory Compliance Manager*

SUBMITTED BY:



Lindsay Leahy
General Manager

Attachments:

Attachment 1 – LAFCO Call for Ballots

Attachment 2 – Completed Election Ballot and Vote Certification Form



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

CALL FOR BALLOTS

November 12, 2025

TO: Independent Special Districts in San Diego County

FROM: Erica Sellen, Commission Clerk

SUBJECT: Call for Ballots |
Election to Special Districts Advisory Committee

On September 29, 2025, the San Diego Local Agency Formation Commission (LAFCO) solicited nominations pursuant to Government Code Section 56332 to fill seven open seats on the 15-member Special Districts Advisory Committee. A total of ten nominations were received following a 30-day filing period. All terms on the Special Districts Advisory Committee are four-years.

San Diego LAFCO is now issuing ballots to all 58 independent special districts in San Diego County and inviting each district to cast a ballot selecting up to seven eligible nominees. Write-in candidates are permitted, and spaces have been provided for that purpose. **Only cast one vote for each nominee on the ballot and vote certification form; a ballot that is cast for more than the indicated number of positions will be disregarded.** The ballot and vote certification form along with nominee resumes provided by the candidates are attached.

State Law specifies a district's vote is to be cast by its presiding officer, or an alternate member designated by the board and a valid signature is required on the ballot. **A ballot received without a signature will be voided.** A minimum of **30** ballots must be received to certify that a legal election was conducted. A candidate for a special districts advisory committee member must receive at least a majority of the votes cast to be elected. The ballots will be kept on file in this office and will be made available upon request.

Ballots may be submitted by mail, courier, hand delivered, or via email to Erica.Sellen@sdcounty.ca.gov. The deadline for receipts of the ballots by LAFCO is **5:00 p.m. on Monday, December 22, 2025**, any ballots received after the deadline will be voided. All election materials are available on the website: www.sdlafco.org. Should you have any questions, please contact me by email or at (619) 321-3380.

Erica Sellen
Commission Clerk

Attachments:

- A) Ballot and Vote Certification form
- B) Nominee Resumes

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619.321.3380
E lafco@sdcounty.ca.gov
www.sdlafco.org

Paloma Aguirre
County of San Diego
Joel Anderson
County of San Diego
Monica M. Steppe, Alt.
County of San Diego

Kristi Becker
City of Solana Beach
Dane White
City of Escondido
John McCann Alt.
City of Chula Vista

Chair Stephen Whitburn
City of San Diego
Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection
Jo MacKenzie
Vista Irrigation
David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public
Eileen Delaney, Alt.
General Public

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**SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBER
ELECTION BALLOT and VOTE CERTIFICATION**

VOTE FOR ONLY SEVEN NOMINEES

- | | | |
|---|--|-------|
| * | Mike Sims (Bonita-Sunnyside Fire Protection District) | [] |
| * | James Gordon (Deer Springs Fire Protection District) | [] |
| | Erica Wolski (Ramona Municipal Water District) | [] |
| * | Jack Bebee (Fallbrook Public Utility District) | [] |
| | Kurt Worden (Lower Sweetwater Fire Protection District) | [] |
| | Lindsay Leahy (Valley Center Municipal Water District) | [] |
| * | Albert C. Lau (Santa Fe Irrigation District) | [] |
| * | Kimberly Thorner (Olivenhain Municipal Water District) | [] |
| * | Dave McQuead (Rancho Santa Fe Fire Protection District) | [] |
| * | Mark Robak (Otay Water District) | [] |

Write-Ins

	[]
	[]

As presiding officer or his/her delegated alternate as provided by the governing board, I hereby certify that I cast the votes of the _____ for the Special Districts Advisory Committee election.
(Name of Independent Special District)

(Signature)

(Print Name)

(Print Title)

(Date)

Please note: The order in which the candidates' names are listed was determined by random selection.

Return this Election Ballot and Vote Certification form to:
San Diego LAFCO
Erica Sellen
2550 Fifth Avenue, Suite 725
San Diego, CA 92103
Email: Erica.Sellen@sdcounty.ca.gov

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Bio for Chief Mike Sims

I have been with Bonita FD for 30 years and in the Fire Service for 35 years

Promoted to Fire Chief at the Bonita Fire Protection District in 2018

Secretary for the San Diego County Fire Chiefs Association and Fire Districts Association

Chair of the Heartland Communications Facility Authority (our 911 dispatch center)

Chair of the Heartland Training Facility Authority (the training facility for all Central Zone FDs)

Advisory Committee member for San Diego LAFCO

Married for 30 years with 2 adult children

Hobbies include mountain biking, metal fabrication and working on classic cars

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James E. Gordon
Director, Deer Springs Fire Protection District
415.852.1086
jegordon888@gmail.com

Professional History

- Director, Berkeley Research Group; October 2012 to 2014
- Managing Director, Navigant Consulting Asia; March 2005 to October 2012.
- Vice President of Pinkerton Consulting & Investigations; March 2001 to March 2005.
- Executive Vice President and CEO of Online Security; March 2000 to March 2001.
- Managing Director of Kroll Associates; March 1999 to March 2000.
- Managing Director of The Investigative Group, Inc.; June 1990 to March 1999.
- Partner, Philips & Gordon, Litigation Consulting Firm: May 1980 to June 1990.

Former Professional Associations

- American Bar Association (Associate Member)
- Inter-Pacific Bar Association
- High Technology Crime Investigator Association (HTCIA)

James Gordon retired in 2014 after a successful international consulting career and is serving his third term as a Director of the Deer Springs Fire Protection District. Mr. Gordon's professional career includes more than 25 years of experience and expertise advising clients faced with complex high stakes business disputes, litigation and investigations, especially in cross-border matters. Mr. Gordon has served as a consulting and testifying expert as well as a third-party neutral in a diverse range of business and discovery disputes.

Mr. Gordon was based in Hong Kong from 2009 to 2012 as Managing Partner for a global expert services and consulting firm. Mr. Gordon was the consulting expert and project lead on a diverse range of complex matters, including: special committee forensic investigations for Boards of U.S. listed Chinese companies; cross-border discovery; allegations of business fraud; undisclosed related third party asset transfers; Foreign Corrupt Practices Act (FCPA) investigations; deep-dive M&A and FCPA due diligence; international arbitration; royalty disputes; intellectual property rights (IPR); and dumping/trade issues.

Mr. Gordon worked on many of the highest-profile regulatory and enforcement investigations in US history, including: the Wall Street IPO Securities Litigation; Tyco; WorldCom; Parmalat; HealthSouth; and Enron. His work involved matters throughout Asia, China, Canada, UK and the United States

advising clients and their counsel in responding to investigations by: U.S. Department of Justice (DOJ); Securities and Exchange Commission (SEC); Federal Energy Regulatory Commission (FERC); the New York Stock Exchange (NYSE); NASDAQ; Federal Trade Commission (FTC); United States International Trade Counsel (USITC) and Congressional and Senate Investigations.

Mr. Gordon was a frequent presenter at In-House Corporate Counsel events, American Bar Association conferences and at the International Pacific Bar Association on topics critical to managing business risks

and resolving cross-border disputes including; *"Anti-Corruption and Fraud Investigations in Asia," "Managing Counterparty Business Risk with Business Intelligence and Analytics," "Developing Cost Effective Strategies for Managing Cross-Border Discovery," "Electronic Discovery in Asia-U.S. Cross-Border Disputes,"* and *"Evidentiary Issues in CIETAC Arbitrations."*

Representative Client Assignments

Special Committee Investigation for Chinese Board of US Listed Company

- For a US listed Chinese company, Mr. Gordon was retained by the Board of Directors to conduct an internal investigation in response to whistle blower allegations. Mr. Gordon led an extensive investigation throughout China to drill down on allegations of accounting irregularities; numerous dealings with related undisclosed third parties; and the sale of one of the company's manufacturing facilities that was not an arm's length transaction. Based on Mr. Gordon's investigation, the company restated its financial statements, changed auditors and Mr. Gordon presented his team's findings to US based regulatory agencies.

Audit Committee Internal Bank Investigation

- Mr. Gordon worked the bank's general counsel and the auditors pertaining to a wide-ranging internal investigation which included: investigating whistle blower allegations; an in-depth information technology review; investigation of an external data breach; and investigation of internal misconduct. The summary of Mr. Gordon's findings was provided to numerous regulatory and law enforcement agencies as well as the AMEX and NASDAQ stock exchanges resulting in no adverse impact to the client.

Major US Financial Institution – Breach of Contract Dispute

- Mr. Gordon was retained as the Court appointed Third-party Neutral Expert in a matter pertaining to allegations of a breach of an Insurance Recovery Agreement for thousands of real estate properties owned by the bank. Mr. Gordon led a team in analyzing hundreds of millions of fields of data from disparate sources including bank loan foreclosure and real estate owned ("REO") property records, asset manager records, hazard insurance recovery provider data, and insurance claims. The case successfully resolved within a week of Mr. Gordon's testimony.

ERICA WOLSKI

105 Earlham St | Ramona, CA 92065 | 760.877.9247 | ewolski@rmwd.org

EDUCATION

California State Polytechnic University Pomona, Pomona, CA B.S. Civil Engineering,
Environmental Option, December 2001

EXPERIENCE

General Manager

Ramona Municipal Water District | Ramona, CA

June 2022 – Present

Responsible for administrative activities of an agency that provides water, wastewater and parks and recreation services. Duties include budget development, contract negotiations, and oversight of day-to-day service delivery including of the above services. Implements vision and direction of the elected board of directors. Informs board of issues and opportunities. Interfaces with community organizations, government entities, and individuals on behalf of the organization. Items worked while at Ramona MWD that are related to LAFCO:

- Implementation of 2021 Municipal Service Review recommendations
- Fire/EMS Transfer from Ramona MWD to County Fire Protection District
- Out of Agency Service agreement to provide potable and recycled water to the Barona Reservation

Regional Manager

Woodard & Curran, San Diego, CA

September 2018 – June 2022

Managed a team of 23 people that included water resources/stormwater planners, engineers and hydrologists; environmental planners, and the software development team. Led or advised on technical completion for complex and challenging projects and performed technical tasks of significant difficulty or complexity in recycled water and regulatory work, primarily for potable reuse projects.

Associate Sanitary Engineer -

State Water Resources Control Board – Division of Drinking Water, Multiple, CA

2002–2005 & 2010–2018

Worked in multiple field offices inspecting and permitting drinking water and recycled water systems throughout the state of California. Provided oversight of County Local Primacy Agency program for San Diego and Imperial County small water system programs.

MEMBERSHIPS/ACTIVITIES

- American Water Works Association – member since 2002
- American Water Works Association – Water Utility Council 2017-present
- California Special Districts Association, member
- WaterReuse California, member
- Ramona Leadership Council – monthly gathering of local heads of governments and non-profits to discuss community needs

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SUMMARY: Over twenty years experience in all aspects of management and operation of public water and wastewater utilities. Oversee District operation with a staff of 68 FTE's with water treatment and distribution, wastewater treatment, reclamation and collection services.

EXPERIENCE: **Fallbrook Public Utilities District** **9/2017-Present**
General Manager

Oversee all District functions including Finance, Customer Service, Public Relations, Human Resources, Operations, and Engineering. Responsible for establishing a productive and positive work environment. Facilitates development and implementation of the Board of Directors overall vision for the District. Communicates and Coordinates District operational needs with the Board of Directors.

EXPERIENCE: **Fallbrook Public Utilities District** **2009-2017**
Assistant General Manager/District Engineer

Oversee all operations, engineering and planning functions of the District including maintenance/construction, meter services, purchasing, water system operations and wastewater treatment/water reclamation. Responsible for Planning and setting goals for each department and monitoring performance. Responsible for developing and implementing all capital projects.

EXPERIENCE: **Palomar College** **2010-Present**
Instructor – Advanced Water Treatment and Water Reclamation

Instructor of the advanced water treatment and water reclamation course at Palomar College. Course is designed for operators seeking their Grade III or IV water treatment operator or advanced water treatment certifications and additional training in advanced water treatment concepts including ozonation, UV, membranes and water recycling. Course reviews advanced water treatment and water recycling concepts and calculations.

EXPERIENCE: **Malcolm Pirnie, Inc.** **2000-2009**
Environmental Engineering Consulting
Sr. Project Engineer/Project Manager

Served as project Manager and/or Design Manager on 5-10 projects at any time. Managed overall project budget and resources for projects. Coordinated design and start-up with operations staff. Responsible for technical quality on numerous design projects valued at \$6 to \$50 million dollars in construction. Developed planning studies for facilities or agencies to guide future improvements, detailed design drawings for civil and mechanical and instrumentation and control disciplines and oversee construction of facilities.

EDUCATION:	California State University – San Marcos	2005-2007
	Masters of Business Administration	
	University of Illinois at Urbana-Champaign	1998-2000
	M.S. Environmental Engineering	
	Washington and Lee University	1994-1998
	B.S. Physics-Engineering	

LISCENCES:	Professional Civil Engineer, State of California.
	Grade 5 Water Distribution Operator California
	Grade 4 Water Treatment Operator California
	Grade 5 Wastewater Treatment Operator California
	Grade 4 Advanced Water Treatment Operator Certification
	Certified Special District Manager, California Special Districts

PROFESSIONAL ORGANIZATIONS/COMMITTEES:

San Diego California Special District Association Past Chair

San Diego LAFCO – Special District Advisory Group Vice Chair

American Water Works Association – Chair of Management and Leadership Technical Advisory Workgroup. Member Technical Advisory Group (TAG) to help establish legislative and policy priorities.

American Water Works Association CA/NV Section Trustee

ACWA, CSDA, WateReuse, California Water Environment Association - Member

Member of Fallbrook Village Rotary

Past Assignments

Chair of AWWA Management and Leadership Division. Chair and Vice chair of various CA-NV AWWA committees. Member of AWWA Technical and Education Council. Chair of San Diego Chapter of Water Reuse. Board member San Diego County Water Authority.

KURT WORDEN

(619) 245-4550
kworden0@gmail.com

Lincoln Acres
CA 91950-7748
United States

PROFILE

Special district board president with two decades of governance leadership, fiscal discipline, and intergovernmental collaboration. Experienced in advancing community safety, ensuring transparent operations, and representing small district interests in countywide planning and service delivery.

EXPERIENCE

Lower Sweetwater Fire Protection District (LSFPD) — Board President (2004 - Term Expiring December 6, 2028)

Led board oversight of fire protection and emergency medical services for Lincoln Acres through contract with National City Fire Department.

Chaired monthly public meetings, ensuring transparency, accountability, and meaningful community participation.

Maintained structurally balanced budgets, formal reserve policies, and timely audits; resolved historical compliance issues to strengthen fiscal accountability.

Coordinated with San Diego County Supervisors and departments to align fire protection priorities and support community risk reduction initiatives.

Represented Lincoln Acres residents in county-level forums and LAFCO processes, advocating for small district needs in regional service delivery and boundary planning.

Collaborated with regional agencies and service providers to ensure operational continuity, effective emergency response, and long-term service sustainability.

FISCAL ACCOMPLISHMENTS

Maintained structurally balanced budgets and formal reserve policies.

Ensured transparency through public posting of budgets and audits.

Resolved historical compliance issues, strengthening accountability.

INTERGOVERNMENTAL & COMMUNITY ENGAGEMENT

Partnered with San Diego County Supervisors and departments to secure funding, align fire protection priorities, and strengthen community risk reduction initiatives.

Represented Lincoln Acres residents in county-level discussions, ensuring small district needs were considered in broader service delivery planning.

Chaired open public meetings and maintained transparent communications, reinforcing trust and accountability between the district and the community.

Collaborated with regional agencies and service providers to maintain operational continuity and improve emergency response coordination.

PROFESSIONAL BACKGROUND

President, NDIA San Diego Chapter – Led board governance and industry-government collaboration initiatives.

Business Development Manager, Nova Power Solutions, Inc. (2006-Present)

Retired Master Chief Petty Officer, U.S. Navy (1981-2006)

EDUCATION

University of Redlands – Business Studies (coursework completed toward B.S., 2012)

AB1234 Ethics & Brown Act training (current)

SKILLS

Executive Advising & Policy Guidance – Principal advisor to senior leadership on workforce readiness, organizational policy, and community well-being.

Governance & Regulatory Oversight – Experienced in special district governance, compliance, and service delivery review.

Community & Stakeholder Engagement – Skilled in representing diverse groups, bridging leadership decisions with community impact.

Cross-Functional Collaboration – Adept at building consensus across agencies, partners, and stakeholders.

AWARDS

Meritorious Service Medal – Recognized for executive-level leadership as Senior Enlisted Advisor to a U.S. Navy Carrier Strike Group and Senior Cryptologic Manager for Naval Surface Forces.

Navy and Marine Corps Commendation Medal (5 awards) – Sustained excellence in leadership, policy advising, and workforce development.

NDIA Certificate of Recognition – Honored for fostering government-industry collaboration as Chair of the Navy Gold Coast Conference.

Lindsay Leahy, PE
General Manager – Valley Center Municipal Water District

SUMMARY

Accomplished water industry professional with over sixteen years of experience in the planning, design, construction, and operation of complex water, wastewater, and recycled water systems. Oversees comprehensive utility operations, including water distribution, wastewater collection and treatment, and water recycling programs serving 30,000 residents. Recognized for fostering collaboration, advancing innovation, and championing sustainable resource management within the public utilities sector.

EXPERIENCE

General Manager – Valley Center Municipal Water District

November 2025 – Present

Oversee all functions of the District, including Finance, Customer Service, Human Resources, Operations, and Engineering. Responsible for implementing Board directives, coordinating District operations, and maintaining an efficient, professional, and collaborative work environment.

Deputy General Manager – Santa Margarita Water District

February 2025 – October 2025

Oversaw all operations, engineering, and planning functions of the District, including maintenance and construction, water and recycled water treatment and distribution, and wastewater collection, treatment, and disposal serving over 200,000 residents and 74,000 customers. Directed capital project development and implementation while modernizing District policies and procedures.

Water Utilities Director / Principal Water Engineer – City of Oceanside

October 2018 – February 2025

Oversaw all water, wastewater, solid waste, and recycling services for the City, serving 180,000 residents and over 44,000 customers. Managed water, wastewater, recycled water, and advanced water treatment operations, including distribution, indirect potable reuse, and waste collection and disposal. Directed and managed a five-year, \$500 million Capital Improvements Program. Responsible for utility rate setting and for fostering a productive and positive work environment for more than 170 employees across the three utilities.

Senior / Associate / Assistant Engineer – City of Carlsbad

November 2015 – October 2018

Served as Project Manager overseeing up to five concurrent projects, managing budgets, contracts, and project delivery. Coordinated design, construction, and startup activities with consultants and Operations staff. Ensured technical quality for design projects valued up to \$15 million and mentored staff to enhance technical expertise and project execution efficiency.

Engineering Manager – Everest Solar System

November 2012 – November 2015

Established and managed the Engineering, Research & Development, and Project Management departments. Led the development of a commercial rooftop product line that reduced component costs and installation time.

Project Engineer – J.R. Filanc Construction Company, Inc.

June 2009 – November 2012

Managed construction of \$40–\$160M water and wastewater treatment plant projects, overseeing field operations including job cost control, scheduling, and safety compliance.

EDUCATION & CERTIFICATIONS

- Master of Public Administration, San Diego State University – 2019
- Bachelor of Science, Mechanical Engineering, California State University, Chico – 2009
- Water Management & Leadership Certificate, California State University, San Marcos – 2018
- Professional Engineer, CA – License No. M36974

LEADERSHIP & BOARD SERVICE

- San Diego County Water Authority Board - Director
 - Audit Committee
 - Engineering and Operations Committee
 - Administration and Finance Committee
 - Water Planning and Environmental Committee
 - Legislative and Public Outreach Committee
 - Board Governance Workgroup
- South Orange County Wastewater Authority Engineering Committee - Member
- LAFCO San Diego County Water Authority Municipal Service Review Working Group - Member

Albert C. Lau, P.E., MBA

Qualification Summary

Over 30 years of progressively responsible and successful utility management, engineering and planning experiences and including 25 years in leadership and senior management capacity overseeing in-house staff, consultants, and contractors. In my current position as the General Manager with Santa Fe Irrigation District, I am responsible for interfacing with elected officials, regulatory agencies, and other public agencies. I am also responsible for, under directions of the Board of Directors, plans, organizes, directs and reviews the overall activities and operations of the District. Receives policy direction from the Board of Directors and advises and assists the Board of Directors. Represents the District's interests at local, regional, State and Federal levels, and coordinates activities with outside agencies and the community.

Education

- ♦ M.B.A. (2004), San Diego State University, San Diego, CA
- ♦ M.S. Civil Engineering (1994), University of Colorado, Boulder, CO
- ♦ B.S., Civil Engineering (1992), California Polytechnic State University, Pomona, CA

Professional Experience

Position/Employer/Dates	Dates	Responsibilities
General Manager Santa Fe Irrigation District Rancho Santa Fe, CA	March 19' to present	Under policy direction from Board of Directors, directly responsible for plans, organizes, hires staff, directs and reviews the daily operations of the District to ensure District's mission is fulfilled.
Director of Engineering and Planning Padre Dam Municipal Water District Santee, CA	July 09' to March 19'	Member of the executive team for PDMWD. Successful re-organized the department to improved efficiency and effectiveness that has received numerous project awards.
Engineering Manager Padre Dam Municipal Water District Santee, CA	Sep '00 to July 09'	Directly responsible for capital project implementation and increased the quality, timeliness, responsiveness, efficiency, and overall production of my working group.
Senior Engineer Dudek & Associates Encinitas, CA	Apr '98 to Sep '00	Project manager/engineer consistently completed assignments/ projects on time and within budget. Maintained strong working relationships with public agencies and clients.
Project Manager/Engineer Tetra Tech, Inc. San Diego, CA	July '94 to Apr '98	Project engineer in charge of civil works for various projects.

Key Accomplishments

- Provide leadership, under policy directions from the Board of Directors, to develop a fair and equitable rate structure that would fit the unique and diverse consumption profile of Santa Fe Irrigation District.
- Key member of the senior executive team that developed a new strategic plan that focused on self-reliance and increased independence from imported water supply, more local control of wastewater treatment services, and strengthen financial position.
- Provided strategic leadership in updating the organization's strategy plan and champion for key initiatives of creating asset management plan and developing local water supply and resources.
- Act as the general manager in the absence of the general manager as required.
- Direct the implementation of the East County Advanced Water Purification Program, a partnership between Padre Dam, County of San Diego, Helix Water District and City of El Cajon. This is a \$500M surface water augmentation program, one of the first in the State of California. This regional water supply program will produce up to 30% of East San Diego County drinking water supply locally and provide long term price certainty and enhance local control for the program partners. To date, this program has received approximately \$40M in grants and over \$101M in State Revolving Fund and received regulatory approvals. Served as media spokesperson for interviews and conducted key elected official briefings.
- Served on the statewide advisory panel for the State Water Resources Control Board and Division of Drinking Water to investigate and report to the Legislature on the feasibility of developing uniform water recycling criteria for direct potable reuse and reservoir augmentation.
- Member of Regional Advisory Committee for the San Diego Integrated Regional Water Management Program. Work closely with Regional Water Management Group to develop criteria for prioritizing projects for IRWM grant programs for the region.
- Successfully negotiated multiple agreements with County of San Diego, City of El Cajon and Helix Water District to financially participate in determining the feasibility of the East County Advanced Water Purification Program.
- Directed and successfully negotiated Water Service Agreement in conjunction with the San Diego County Water Authority and Metropolitan Water District of Southern California with the Sycuan Band of Kumeyaay, first water service agreement to the tribal government in San Diego.
- Served as the co-chair for the Technical Advisory Committee for the Metropolitan Wastewater Joint Power Authority. Review budgets and monitor progress to ensure the regional wastewater treatment and transportation facilities are operated in an efficient and cost effective manner.
- Successfully negotiated with the Regional Water Quality Control Board for the renewal of the NPDES permit(s) for the Stoyer Wastewater Treatment Facility (three cycles). This is the only remaining inland live stream discharge permit in San Diego County.
- Successfully negotiated \$16M of refund from the City of San Diego, Metropolitan Wastewater Department for overbilling of wastewater treatment.
- Directed the implementation of the Advanced Water Purification Demonstration Project. Received \$3M in Department of Water Resources grant (Prop. 50) in constructing an advanced water treatment demonstration facility. Project received state-wide recognitions and regulatory approvals for final implementation from the Division of Drinking Water.

Professional Memberships, Registration, and Certifications

- ◆ Registered Professional Engineer - Civil (CA 59053)
- ◆ Committee member, San Diego Local Agency Formation Commission (LAFCO), Special District Advisory Committee
- ◆ Past President, California Special District Association (CSDA), San Diego Section
- ◆ Member, American Water Works Association (AWWA)
- ◆ Committee member, CA-NV AWWA, Advanced Water Operator Certification Committee
- ◆ Member, American Society of Civil Engineers (ASCE)
- ◆ Committee member, Water and Environment Committee, ASCE region 9
- ◆ Member, Water Reuse Association
- ◆ Member, Water Environment Federation & California Water Environmental Association

Recent Professional Recognitions, Publications, and Presentations

- 2016 Leadership Award, Water Environmental Federation, White House Water Summit.
- Lau, A., Huston, P. & Pecson, B., 2016. Padre Dam's Advanced Water Purification Program: Building a Better Future Inspired by Creativity from the Past. J. - Am. Water Works Assoc., 108:11:68.
- WaterReuse California (2015) "Breaking IPR Boundaries at Padre Dam's Advanced Water Purification Demonstration Project" by Brian Pecson, Los Angeles, CA, in March, 2015.
- AWWA Annual Conference and Exhibition (2015) "Pushing the Boundaries of IPR at Padre Dam's Advanced Water Purification Demonstration Project", Anaheim, CA, in June, 2015.
- IWA International Symposium: Potable Reuse (2016) "Reducing the Need for the Environmental Buffer: Results from Padre Dam's Advanced Water Purification Testing", Long Beach, CA, in January, 2016.
- WaterReuse California (2016) "Dual Pursuit of Surface Water Augmentation and Groundwater Recharge at Padre Dam", Santa Rosa, CA, in March, 2016.
- WaterReuse Symposium (2016) "Maximizing Product Water through Brine Minimization", Tampa, FL in September, 2016.
- AWWA California-Nevada Annual Fall Conference (2016) "Maximizing Product Water through Brine Minimization", San Diego, CA in October, 2016.
- WaterReuse California (2017) "Maximizing Disinfection Infrastructure for Both Potable and Non-Potable Reuse", San Diego, CA, in March, 2017.
- IWA International Conference on Water Reclamation and Reuse (2017) "Modifying Existing Infrastructure to Maximize Pathogen Control for Potable and Non-Potable Reuse", Long Beach, CA in July, 2017.
- WaterReuse Symposium (2017) "Potable Reuse Case Study for Full-scale Predesign of RO with 95% Recovery", Phoenix, AZ in September, 2017.

Mr. Lau has served as the General Manager for Santa Fe Irrigation District since January, 2019. Mr. Lau holds a bachelor's degree in civil engineering from Cal Poly Pomona, a master's in civil engineering from the University of Colorado (Boulder), and an MBA from San Diego State University. Mr. Lau has over 30 years of experience in the water/wastewater industry. Previously, Mr. Lau served as Director of Engineering and Planning at Padre Dam MWD, where he was responsible for planning, engineering, capital improvements, and contract negotiations. Mr. Lau also oversaw the East County Advanced Water Purification Program, a new local and reliable water supply project for East San Diego County. Prior to Padre Dam, Mr. Lau worked at various private engineering consulting firms focusing on water and wastewater projects.

Mr. Lau currently serve on San Diego Local Agency Formation Commission (LAFCO), Special District Advisory Committee. Mr. Lau also serves on the American Society of Civil Engineers, region 9, Water and Environment Committee, member of the San Diego Integrated Regional Water Management Regional Advisory Committee. He was a member of the Advisory Group on Feasibility of Developing Criteria for Direct Potable Reuse and served as the vice-chair for the Technical Advisory Committee for the Metro Wastewater JPA. Mr. Lau also received leadership award in 2016 from Water Environmental Federation. He is also past president for San Diego chapter of California Special District Association.



Kimberly A. Thorner, Esq.
General Manager
Olivenhain Municipal Water District

October 30, 2025

It is with great interest that I submit the attached nomination for the Special District Representative for the San Diego Local Agency Formation Commission Special District Advisory Committee. I am the General Manager of Olivenhain Municipal Water District (OMWD) where I have served for the last 29 years. OMWD provides water, wastewater services, recycled water, hydroelectricity, and park/recreation facilities on behalf of approximately 87,000 customers over 48 square miles in northern San Diego County.

I currently serve as Chair of the San Diego Local Agency Formation Commission's Special Districts Advisory Committee (SDAC) and have served on the SDAC for the last 17 years where I have participated and provided input and guidance on dozens of important LAFCO issues during my tenure and have spoken at many LAFCO hearings on behalf of the SDAC.

I have served on WaterReuse California's Board of Trustees for several past terms along with six terms as a member of the Association of California Water Agencies' Federal Affairs Committee. Previously, I was OMWD's representative to San Diego County Water Authority, serving on the Audit, Administrative and Finance, and Engineering and Operations committees. I also served as Project Manager for the David C. McCollom Water Treatment Plant and the Olivenhain Water Storage Project.

Throughout my tenure in the water industry, I have proven to be thoughtful, forthright, solution-oriented, and collaborative when tackling complex issues that affect multiple stakeholders. It would be my honor to continue serving on LAFCO's SDAC and I respectfully ask for your support and vote.

Sincerely,

A handwritten signature in cursive script that reads "Kimberly A. Thorner".

Kimberly A. Thorner, Esq.
General Manager
Olivenhain Municipal Water District

Kimberly A. Thorner, Esq.
kthorner@olivenhain.com

PUBLIC AGENCY WORK EXPERIENCE

Olivenhain Municipal Water District, Encinitas, CA

2006- Current

General Manager - Under my tenure, OMWD became a AAA rated agency, with rates in the lower half in the county, a customer satisfaction survey rating of 92% in 2022, a Platinum Accreditation from Special Districts Leadership Foundation, and the employees have voted OMWD Best Place to Work several times.

Olivenhain Municipal Water District, Encinitas, CA

2002 - 2006

Assistant General Manager

Olivenhain Municipal Water District, Encinitas, CA

1996 - 2002

Project Manager - Constructed World's Largest Immersed Membrane Treatment Plant at that time; Served on Project Team for the Olivenhain Dam

EDUCATION

Thomas Jefferson School of Law, San Diego, CA - Juris Doctorate, May 1995

Editor for "The Restater" Law School Newspaper - 1993-1995

Teaching Assistant, Legal Analysis -1993-1994

President-Student Bar Association -1994-1995

Academic Chairperson-Student Bar Association - 1993-1994

American Jurisprudence Award - Fall 1992

American Jurisprudence Award - Spring 1993

West Publishing "Corpus Juris Secundum Award" - 1992-1993

University of Colorado, Boulder, CO - Bachelor of Arts in Political Science, May 1992

Secondary Emphasis - German

Active member of CU Law Club; CU Election Poll Manager -1991

Interned with Former State Legislator and then County Commissioner, Sandy Hume - 1991

ACHIEVEMENTS & PROFESSIONAL BOARDS (Last 10 years)

- Certified Special District Administrator from the Special District Leadership Foundation (2007 – present)
- 2019 Special District Leadership Academy (Governance Foundations)
- Licensed Attorney
- WaterReuse California Board of Directors (2018–2024)
- 2015 California WaterReuse Advocate of the Year
- Founding member and lead for the North San Diego County WaterReuse Coalition (2010 to present)
- Association of California Water Agencies Federal Affairs Committee (2006 – 2021)
- San Diego Local Agency Formation Commission Special Districts Advisory Committee (2008 to present) & Chair (2014 to present)
- Board of Directors of the San Diego North Economic Development Council (2007 -2020)
- Integrated Regional Water Management Regional Advisory Committee (2008 to present)
- Kenneth Miller Founders Award Recipient – Water for People (2025)
- Countless presentations in the community, at Senate and Assembly hearings, & regulatory meetings
-

COMMUNITY INVOLVEMENT

- Water for People (San Diego Core Committee) & Emcee at Annual Lunch (2013 to present)
- Lead Planner and Host for the North County Water Summit with the SDNEDC (2015)
- Board of Management – Magdalena Ecke YMCA (2007 - 2017)
- Board of Directors (President) – Arroyo Vista Homeowner's Association (2009 – 2023)
- Classroom Volunteer – Olivenhain Pioneer Elementary – 2012 to 2018
- Hands On San Diego Volunteer



David C. McQuead

2375 Rock View Glen, Escondido, Ca. 92026

Office (858) 756-6001 Cell (858) 775-7602

mcquead@rsf-fire.org

Dave McQuead, serving as the Fire Chief for the Rancho Santa Fe Fire Protection District with currently 22 years of experience in the fire service and 10 years of experience as a self-employed licensed landscape contractor and designer for commercial and residential projects.

Education:

- | | | |
|--------------------------------|---|------|
| • Columbia Southern University | - Bachelor's degree, Fire Administration. | 2018 |
| • Rio Hondo College | - Associate's degree, Fire Science. | 2009 |
| • Palomar College | - Fire Academy and Paramedic School. | 2001 |

Professional Fire Experience:

- | | |
|--|----------------|
| • Fire Chief, Rancho Santa Fe FPD | 2022 - Present |
| • Deputy Chief – Operations, Rancho Santa Fe FPD | 2018 – 2021 |
| • Battalion Chief, Rancho Santa Fe FPD | 2015 – 2018 |
| • Fire Captain, Rancho Santa Fe FPD | 2010 – 2015 |
| • Fire Engineer, Rancho Santa Fe FPD | 2006 – 2009 |
| • Firefighter/Paramedic, Rancho Santa Fe FPD | 2003 – 2005 |

Professional Experience:

- | | |
|---|-------------|
| • Contractor, McQuead Landscaping (C-27 License # 750923) | 1998 – 2003 |
| • Contractor, McQuead and Gunn Landscaping | 1995 – 1997 |

Professional Involvement:

- | | |
|--|----------------|
| • SANDAG – Public Safety Committee | 2022 – Present |
| • LAFCO – Special Districts Advisory Committee | 2022 – Present |
| • San Diego County Fire Chiefs Association -Vice President | 2022 – 2023 |
| • North Zone Coordinator – XSD Op Area | 2023 – Present |
| • North Zone Chiefs Officers – Co-Chair | 2023 – Present |
| • San Diego County Fire Chiefs Association – President | 2024 – Present |

Mark Robak

La Mesa, CA 91942

www.OtayMark.com | OtayMark@cox.net
Cell Phone 619-778-3800

WATER INDUSTRY – ELECTED OFFICE

2005 - Present Otay Water District

Spring Valley, CA

Board Member, Treasurer, Former President & Vice-President

- Oversee a public agency with \$150M annual budget, providing water and sewer and recycled water to 242,000 customers in a 126 square mile service area. Represent all of the District sewer ratepayers.
- Chair of Finance and Administration Committee. Provide guidance to finance department staff for annual budget cycle and instrumental in Board audits of District finances.
- Former Head of Labor Negotiations Committee.
- Former Chair of Engineering Committee. Fully engaged in oversight of key District CIP projects.
- Chief advocate at Board level for continuing development of District strategic plan and benchmarking study, including advocating for peer review as presented by AWWA.
- Instrumental in securing a feasibility study to bring recycled water to northern service area of the District. Public speaking on expansion of recycling water to the media, including local television.
- Represented District to Water Reuse Association, attending local, state and national level conferences.
- Was instrumental in the recent introduction of live streaming of Otay Board meetings.

1997 - Present San Diego Metro Wastewater Joint Powers Authority

San Diego, CA

Board Member/Former Chair/Longest serving Board Member

- A joint-powers authority comprised of 15 other cities and districts that pay for 35% of the upkeep and capital costs of the City of San Diego's regional wastewater facilities, with 2.2 million customers in a 450 square mile service area, treating 180 million gallons a day.
- Former Member of the Independent Rates Oversight Committee (IROC) for City of San Diego.
- Former member of the Finance Committee, that reviewed and advised on City of San Diego Bond offerings affecting Municipal and Metro systems (approx. \$1.2B placed - May 2009)
- Former head of Strategic Ad-Hoc Committee charged with shaping vision and mission for the organization, along with a plan to achieve those goals.
- Assisted in development of a communications plan and design of organization website.
- Participant in American Assembly II process in 2005 that endorsed Indirect Potable Reuse.

2025 – Present San Diego County Water Authority

San Diego, CA

Board Member

- A 34-member board representing 22 water agencies and cities with a \$1.8B budget for FY 24-25
- Member of the Engineering & Operations, and Water Planning & Environmental Committee's

2005 – 2025 Water Conservation Garden

El Cajon, CA

President/Board Member

- Oversaw a joint-powers authority comprised of six public agencies creating an award winning five-acre display area that showcases water conservation to the general public and landscaping professionals.

1996 - 2001 Padre Dam Municipal Water District

Santee, CA

President, Treasurer, Board Member

- Oversaw public agency with \$40M annual budget, providing water, sewer and recycled water to 135,000 customers in an 85 square mile area.
- While President of the Board the Board (1998), championed a Competitive Challenge program that was instituted comparing the agency to best management practices of the private sector. Has saved Padre Dam ratepayers \$1,800,000 annually to date.
- Represented Santee Lakes area and helped develop a Master Plan for 190-acre Santee Lakes Park & Campground, allowing it to become self-supporting and enhance recreational benefits for the community.
- Assisted in negotiations with employee bargaining unit in securing a new labor agreement.

WATER INDUSTRY

Council of Water Utilities – Former President

- Brought speakers on regional water issues to regular lunch meetings
- Combined it with local Chapter of the CSDA in 2024

Water Conservation Garden

- Led formation and recruitment of Board Members that led to creation of *Friends of the Garden* foundation to assist in fundraising for the operation of the facility. This entity became the management structure for the Garden effective January 2011, which was disbanded in 2024. Our goal when we formed it was to achieve at least half of our funding from outside the industry, which the Garden did achieve.
- Obtained signage on Jamacha Road through my political connection with former Senator Dennis Hollingsworth. The Garden had previously been rebuffed by Caltrans who has jurisdiction on road.
- Started and maintained their Facebook site, which I turned over to them, as well helping start other social media sites.

Water-Wise AA Degree program/Cuyamaca College

- During my tenure (4 years) as President of the Water Conservation Garden, I was the chief advocate getting a new Water-Wise AA Degree program implemented in conjunction with Horticulture Department at Cuyamaca College. Worked with the College and SDCWA staff to achieve it.
- The program is a model for junior colleges throughout the state.

YesToTap on Twitter

- Developed and maintain the leading Tap Water advocacy site in San Diego County.
- Averages 3,000+ impressions per month. Followers throughout U.S. and world.
- Developed a tapwater pledge for organizations.
- Goal is to develop website and other advocacy methods.

Otay Mark

- Have the leading water Twitter site (non SDCWA) in San Diego averaging approximately 30,000 views per month with a high of approximately 100,000+. Followed by opinion leaders throughout the state.
- Leading advocate of SDCWA's member agencies on their specific accomplishments.
- Also have a website, with Facebook, Instagram, YouTube and Flickr.

Television & Media

- Have appeared in interview format on local news on water and wastewater issues
- Have relationships with local print, online and television reporters
- Was guest curator for a week on Voice of San Diego's Instagram page for water issues

Political

- Have advised locally elected officials on water issues, including current Supervisor Joel Anderson, when first elected to Padre Dam, prior to higher office.
- Have extensive connections with locally elected officials throughout San Diego County.
- Have helped develop social media strategy for locally elected officials.

Social Media Instruction

- Taught social media with a focus on Twitter to agencies at the San Diego Chapter of the California Special Districts Association. Analyzed all water agencies for their social media effectiveness.
- Started the Chapter's Facebook and Twitter sites.
- Advised agencies on areas of improvement including SDCWA.

Water & Wastewater Technology Program

- Completed Water Distribution Systems – WWTR 130 – Grade A
- Completed Wastewater Collection Systems – WWTR 132 – Grade A

**SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBER
ELECTION BALLOT and VOTE CERTIFICATION**

VOTE FOR ONLY SEVEN NOMINEES

- | | | |
|---|--|--------------|
| * | Mike Sims (Bonita-Sunnyside Fire Protection District) | [X] |
| * | James Gordon (Deer Springs Fire Protection District) | [X] |
| | Erica Wolski (Ramona Municipal Water District) | [] |
| * | Jack Bebee (Fallbrook Public Utility District) | [X] |
| | Kurt Worden (Lower Sweetwater Fire Protection District) | [] |
| | Lindsay Leahy (Valley Center Municipal Water District) | [X] |
| * | Albert C. Lau (Santa Fe Irrigation District) | [X] |
| * | Kimberly Thorner (Olivenhain Municipal Water District) | [X] |
| * | Dave McQuead (Rancho Santa Fe Fire Protection District) | [X] |
| * | Mark Robak (Otay Water District) | [] |

Write-Ins

	[]
	[]

As presiding officer or his/her delegated alternate as provided by the governing board, I hereby certify that I cast the votes of the **Valley Center Municipal Water District** for the Special Districts Advisory Committee election.
(Name of Independent Special District)

(Signature)

Enrico P. Ferro
(Print Name)

Board President
(Print Title)

(Date)

Please note: The order in which the candidates' names are listed was determined by random selection.

Return this Election Ballot and Vote Certification form to:

**San Diego LAFCO
Erica Sellen
2550 Fifth Avenue, Suite 725
San Diego, CA 92103
Email: Erica.Sellen@sdcounty.ca.gov**

December 1, 2025

TO: Honorable President and Board of Directors

FROM: Lindsay Leahy, *General Manager*

SUBJECT: WATER USE EFFICIENCY AND WATER LOSS PERFORMANCE
STANDARDS UPDATE

PURPOSE:

To provide the Board of Directors with an update on the District's implementation and compliance status of the State Water Resource Control Board's (State Board) Water Use Efficiency and Water Loss Performance Standards.

SUMMARY:

Legislative and Regulatory Background

In 2009, the Water Conservation Act of 2009 was adopted and required a 20% statewide per capita urban water use reduction by 2020 (SBx7 7).

In 2015, Senate Bill 555 was passed and signed into law requiring water suppliers to monitor and report water loss through validated water loss audits beginning October 2017 and for regulatory Water Loss Performance Standards to be developed by July 2020.

In 2016, after the severe drought lasting from 2012 through 2016, then-Governor Brown issued Executive Order B-37-16, which established the goal of "making water conservation a California way of life" and directed the state to develop water use targets as part of a permanent long-term water conservation framework.

In 2018, Senate Bill 606 and Assembly Bill 1668 were passed and signed into law, which established the long-term water conservation framework. This framework required the Department of Water Resources (DWR) and State Board to work together to develop urban water use efficiency targets for water suppliers to meet (Urban Water Use Objectives).

On December 24, 2021, the State Board initiated the formal rulemaking process for the Water Loss Performance Standards and the final regulations were adopted by the State Board on August 19, 2022.

On August 18, 2023, the State Board initiated the formal rulemaking process for the "Making Conservation a California Way of Life" regulations (Regulatory Framework) and after various draft proposals, the final regulations were adopted by the State Board on July 3, 2024.

Water Use Efficiency Standards

The Regulatory Framework outlines specific District-level water use objectives and compliance requirements related to Commercial, Industrial and Institutional (CII) customer water use and

classification. The Urban Water Use Objective (UWUO) is a supplier-specific water budget that is the sum of three water use efficiency standards, which include residential indoor water use, residential outdoor water use, CII landscapes with dedicated irrigation meters and supplier system real water loss as established by Water Loss Performance Standards. The District's UWUO, based on historic demands, is currently 29,343 acre-feet per year.

Beginning January 1, 2025, and by January 1 each year thereafter, water suppliers are required to calculate the UWUO for the previous year and submit a detailed report to the State Board. The District's Fiscal Year 2024 UWUO Report was submitted on December 27, 2024.

Water Use Efficiency Compliance

Attached is the State Board's April 22, 2025, FY 2023-2024 Urban Water Use Objective (UWUO) Report compliance summary entitled "*Conservation as a Way of Life*" Compliance Summary: Valley Center Municipal Water District" (Compliance Summary) prepared for the District. The Compliance Summary identifies that the District is in compliance with the Regulatory Framework requirements for the FY 2023-2024 UWUO Report.

The State Board developed and distributed Compliance Summaries providing water suppliers with a high-level summary of compliance with the FY 2023-2024 UWUO Report and includes information on whether the District's UWUO for FY 2023-2024 was met, identifies data error flags for specific sections and details the calculated objectives (using current standards as well as future standards) that are unique to each supplier. The State Board will provide a Compliance Summary for each reporting year moving forward.

An option to resubmit the UWUO Report with corrected data was available, however, staff reviewed the Compliance Summary and determined there was no need to resubmit the District UWUO Report as the only identified "data errors" were UWUO Report sections that do not require compliance until June 30, 2027.

Formal compliance with the UWUO began July 1, 2025. The District will be formally assessed for compliance with the UWUO occurring July 1, 2025 to June 30, 2026, as reported in the FY 2025-2026 UWUO Report due January 1, 2027.

CII Performance Measures Implementation Status

In addition to the UWUO, water suppliers must comply with a set of CII Performance Measures intended to enable customer water-usage benchmarking per twenty-two (22) CII classification categories, as well as establish and implement sector specific best management practices for CII indoor and outdoor water use. Water suppliers must comply with the CII Performance Measures even if the UWUO has been met.

During staff review of CII Performance Measures requirements, staff identified District Commercial Agriculture and Commercial Agriculture/Domestic(Non-Certified Ag) customers who were not enrolled in the Permanent Special Agriculture Water Rate program (Certified Ag) had been incorrectly assigned to a Commercial Class Code. These customers have now been reclassified into the appropriate Non-Certified Ag class codes. Staff is also in the process of reclassifying all CII customers into the required twenty-two (22) CII classification categories. This work is on track to be completed well before the regulatory deadline of June 30, 2027.

Water Loss Performance Standards

The Water Loss Performance Standards require water suppliers to reduce real losses (physical leaks and breaks in the distribution system) and properly manage apparent losses (metering inaccuracies, data handling errors, theft) in urban water systems and submit an annual validated Water Loss Audit to the State Board. Additionally, the water loss regulations require submission of questionnaires related to data quality, pressure management, asset management, and other system characteristics.

While initial compliance with the Water Loss Performance Standards begins in 2028, the first compliance period consists of the Water Loss Audits submitted for the Fiscal Years 2025, 2026 and 2027. The Real Water Loss Standard must be achieved no later than January 1, 2028, as reflected in the District's annual Water Loss Audit for 2027. After 2028, compliance is assessed every third year based on the average of the three most recent annual Water Loss Audits.

Real Loss

The State Board established a Real Loss Standard calculated using an economic model specific to the District's system characteristics, including size, length of mains, pressure profile, cost of producing water, etc. The Real Loss Standard is volumetric and generally set in gallons per connection per day (GPCD). However, due to the nature of the District's system, the District's Real Loss Standard is 1,448.6 gallons per mile per day (GPMD) of pipeline versus GPCD like most other suppliers. Water suppliers in more rural areas with long mains relative to the number of connections are more likely to have a GPMD standard.

Apparent Loss

The District's Apparent Loss Standard is 57.4 GPCD. The regulation requires Apparent Loss to be reported in GPCD because apparent losses scale more directly with meters and connections versus main lengths. The two metrics are intentionally in different units as they measure different things about the system.

The Apparent Loss Standard is the baseline Apparent Loss plus an allowable variance of 2 GPCD above or below the Apparent Loss Standard. If the supplier exceeds the allowable variation, an Apparent Loss inventory must be submitted to the State Board.

Break Registry

The Water Loss Performance Standards additionally require water suppliers to submit a registry of pipe breaks, repair events and estimated water losses (Break Registry) to the State Board. The initial reporting period for the Break Registry covers the period of 2025 to 2027 and is due on January 1, 2029. The State Board has released draft Break Registry Specifications (Draft Specifications) outlining proposed data collection requirements.

The District has substantial concerns with the Draft Specifications, particularly the inclusion of data requirements that exceed the statutory intent and the potential security risks associated with publishing operational details and pipeline location information in a publicly accessible database.

The District participated in the development of comments regarding the Draft Specifications submitted to the State Board by the San Diego County Water Authority (Water Authority) and the Association of California Water Agencies (ACWA). The District will also be submitting a letter to the State Board outlining concerns regarding the Draft Specifications. Staff will continue to monitor and advocate for appropriate and reasonable data collection requirements.

While awaiting the final Break Registry Specifications, staff are implementing data collection methods through CityWorks for the Break Registry and internal uses, such as condition assessments for CIP planning.

Water Loss Compliance

As part of the Water Authority's Regional Water Loss Control Workgroup, the Water Authority sponsored the development of a Compliance Summary for each member agency to plan for compliance and identify appropriate water loss and compliance strategies. The Compliance Summary evaluated the likelihood of Water Loss Performance Standard exceedance. The Compliance Summary included the following agency specific assessment areas:

- Compliance status;
- Year over year Water Loss Audit magnitude and volatility;
- Likelihood of exceeding Real Water Loss Performance Standard;
- Likelihood of exceeding Apparent Water Loss Performance Standard; and
- Potential impacts of Water Loss Audits on Urban Water Use Objective compliance.

Compliance Planning Consideration	Status
Current Compliance Status	In Compliance
Real Loss Magnitude	Low to Medium
Real Loss Volatility	High
Likelihood of Real Loss Standard Exceedance in a Single Year Based on Historic Audits (does not include +370 GPMD buffer that will be included in 2031 compliance period)	22.2%
Real Loss Compliance Result Based on Last Three Audits (single year)	In Compliance
Real Loss Compliance Result Based on Last Three Audits (average, does include the +370 GPMD buffer.)	In Compliance
Real Loss Impact on UWUO Budget (if CY2023/FY2024 Water Audit used in UWUO reporting)	Net Gain
Likelihood of Apparent Loss Standard Exceedance in a Single Year Based on Historic Audits (includes an allowed variation of 2 GPCD)	100%

Additionally, the Compliance Summary identified opportunities for improvement in Water Loss Audit data validity grades, which impact the overall scoring metrics in the Water Loss Audits submitted to the State Board annually.

Compliance Summary Recommendations

The Water Loss Compliance Summary provided the District four areas of focus to improve and maintain compliance with the Water Loss Performance Standards:

1. Monitor Compliance with a specific focus on background and reported leakage;
2. Data Improvement;
3. Billing Data Analysis and Water Consumption Prorating; and
4. Small Customer Meter Testing Design and Analysis.

District staff will review and discuss the Compliance Summary recommendations internally and determine the best approach to ensure processes and programs are in place to remain compliant.

RECOMMENDATIONS:

No action required, informational item only.



Alisa Nichols
*Special Projects and Regulatory
Compliance Manager*



Lindsay Leahy
General Manager

Attachments:

*Attachment 1 – State Water Resources Control Board “Conservation as a Way of Life”
Compliance Summary*



“Conservation as a Way of Life” Compliance Summary:
 Valley Center Municipal Water District (ORG ID 2604)
 Report prepared by State Water Resources Control Board staff on April 22, 2025

Report Sections

1	Introduction	2
2	Report Submittal Date	2
3	Comparing the Objective to Reported Water Use	2
4	Summary of Data Quality Flags for Objective Calculations	2
5	Summary of Data Quality Flags for Variance Calculations	3
5.1	Residential Indoor Variances	3
5.2	Residential Outdoor Variances	3
6	CII Performance Measures	4
7	Objectives Calculated with Future Standards	4
A	Steps to Calculate Objective	6

1 Introduction

The “Making Conservation a Way of Life” regulation went into effect on January 1, 2025. Pursuant to the regulation, urban retail water suppliers are annually required to submit a reporting form to the State Water Resources Control Board (State Water Board) by January 1 of each year. This document is intended to provide the supplier with a high-level summary of their compliance with reporting requirements for the fiscal year 2023-2024, as well as some supplemental information that may help to inform future decision-making. Sections 2 through 6 summarize the information that the supplier provided on the required reporting form, as well as data quality issues identified by State Water Board staff. Section 7 calculates what the objective for fiscal year 2023-2024 would look like if future water use efficiency standards were applied.

Note: This is the first year that water use and water use objectives have been reported and calculated pursuant to the State Water Board’s regulation, and State Water Board staff are finding errors as review is ongoing; these errors may impact the values shown throughout this report. Staff are taking steps to identify the more common errors so that they are corrected by suppliers and no longer recur by the time water use objective compliance is assessed (i.e., reports submitted January 1, 2027).

This report was generated by the State Water Board on April 22, 2025.

2 Report Submittal Date

The fiscal year 2023-2024 report was due on January 1, 2025. The version reviewed by the State Water Board was submitted on December 27, 2024.

3 Comparing the Objective to Reported Water Use

The supplier has met its calculated objective for fiscal year 2023-2024.

The final urban water use objective and corresponding reported water use, as calculated in the reporting workbook, is summarized in Table 1 in both million gallons (MG) and acre-feet (AF). Please note that compliance with the objective will first be formally assessed for the fiscal year 2025-2026, based on the report due January 1, 2027.

Quantity	Value (MG)	Value (AF)
Objective	9,561.4	29,342.7
Actual Water Use	1,501.5	4,607.9

Table 1: Objective and reported water use for fiscal year 2023-2024

If you have any questions about how the objective was calculated, please refer to Appendix A.

4 Summary of Data Quality Flags for Objective Calculations

Table 2 summarizes objective data-related issues as identified by State Water Board staff.

Section	Data Checked	Reporting Issues Flagged
Objective	Calculated Final Volume	None
Objective	Intermediate Calculations	None
Residential Indoor	Calculated Volume	None
Residential Indoor	Required Cells Left Blank	None
Residential Outdoor	Calculated Volume	None
Residential Outdoor	LAM Data	None
Residential Outdoor	Required Cells Left Blank	None
Bonus Incentive	Calculated Volume	None
Water Loss Budget	Calculated Volume	None
Water Loss Budget	Service Connections/ Length of Mains	None
Actual Water Use	Calculated Volume	None
Actual Water Use	Missing/ Zero Potable Deliveries	None
Actual Water Use	Required Cells Left Blank	None
Real Water Loss	Reported Volume	None
Real Water Loss	Reporting Method	None

Table 2: Data quality flags for the objective-related data

5 Summary of Data Quality Flags for Variance Calculations

Tables 3 and 4 summarize variance data-related issues as identified by State Water Board staff.

5.1 Residential Indoor Variances

Variance	Response	Reporting Issues Flagged
Evaporative Cooler Variance	No	None
Seasonal Population Variance	No	None
Wastewater Provision	No	None

Table 3: Data quality flags for the residential indoor variances

5.2 Residential Outdoor Variances

Variance	Response	Reporting Issues Flagged
Livestock Variance	No	None
Dust Control Variance	No	None
Residential Agriculture Variance	No	None
Local Emergency Variance	No	None
High TDS Variance	No	None
Ponds and Lakes Variance	No	None
Existing Trees Variance	No	None
Climate-Ready Trees Provision	No	None
Qualifying Landscapes Provision	No	None

Table 4: Data quality flags for the residential outdoor variances

6 CII Performance Measures

Table 5 summarizes Commercial, Institutional, and Industrial (CII) Performance Measures data-related issues as identified by State Water Board staff. The table summarizes flags for the CII Classification, Dedicated Irrigation Meters (DIMs) and In-Lieu Technologies, and Best Management Practices (BMPs) sections in the reporting form.

Section	Data Checked	Reporting Issues Flagged
CII Classification (972)	Required Cells Left Blank	None
CII Classification (972)	Number of Service Connections	None
DIMs and In-Lieu Tech (973)	Large Landscapes Identification Method	No large landscape identification method specified.
DIMs and In-Lieu Tech (973)	Required Cells Left Blank	The following required cells were left blank: B12, B33, B36, B39, B42, B45, B46
BMPs (974)	CII BMP Identification Method	No CII BMP customer identification method specified.
BMPs (974)	Multiple 974 methods	Multiple 974(c) tabs contain responses: 974(c)(1), 974(c)(1) (10pct or less), 974(c)(2), 974(c)(2) (10pct or less), 974(c)(3), 974(c)(3) (10pct or less)

Table 5: Data quality flags for the CII BMP sections

7 Objectives Calculated with Future Standards

The current and future standards for the urban water use objective calculations are summarized in Table 6.

Year	Residential Indoor	Residential Outdoor	CII DIMs	Water Loss Budget
2024	55 GPCD	0.8 LEF	Volume as Reported	Reported or Budget
2025	47 GPCD	0.8 LEF	Volume as Reported	Reported or Budget
2030	42 GPCD	0.8 LEF	0.8 LEF (starts in 2028)	Budget (starts in 2029)
2035	42 GPCD	0.63 LEF	0.63 LEF	Budget
2040	42 GPCD	0.55 LEF	0.45 LEF	Budget

Table 6: Summary of the standards that inform objective calculations

Using the standards in Table 6 and the calculation steps explained in Appendix A, as well as the data provided in the fiscal year 2023-2024 report, State Water Board staff generated objective volume estimates as shown in Table 7.

Please note that these values do not represent the final calculated budgets for the corresponding years; they are intended to show what an objective for the fiscal year 2023-2024 would look like if future standards, rather than the standards in effect at the time, were applied to the reported data. The budget associated with irrigable-not-irrigated landscapes (INI) is conditionally included or not included in the budget as noted in the “INI Included?” column of the table (see item 6 in the list of assumptions below for details). Future water use objectives will be influenced by changes in local climatology, service area population, and square footage of irrigated landscapes, as well as other data points that are not yet available, such as the square footage of CII landscapes with DIMs.

Please note that issues with missing or incorrect data from the fiscal year 2023-2024 report may also affect these values.

Year	INI Included?	Capped?	Objective (MG)	Objective (AF)	FY 23-24 use lower than objective?
2024	No	No	9,561.4	29,342.7	Yes
2025	No	No	9,472.3	29,069.4	Yes
2030	No	No	9,532.0	29,252.6	Yes
2035	No	No	8,889.7	27,281.5	Yes
2040	No	No	8,587.4	26,353.9	Yes

Table 7: Objectives calculated using the values and standards specified in Table 6 (with the exception of CII DIMs due to lack of data; see point 3 below)

These values were generated using the following assumptions:

1. For all years, reported quantities such as population, irrigated residential landscapes, and excluded demands remained constant.
2. For all years, the volume of requested variances (with the exception of the seasonal population variance, if applicable) remained the same as the volumes requested in this year's submitted report.
3. For all years, the CII with DIMs budget was assumed to be equivalent to the reported actual water use for CII with DIMs, since the landscape area data is not yet available. Variances for CII with DIMs are therefore assumed to be 0.
4. The water loss budget prior to 2030 was equivalent to the value selected by the reporter in this year's submitted report. The water loss budget for 2030 onwards was set as either (A) the water loss budget calculated using the standards; or (B) the reported water loss, if one or more necessary components for the water loss budget calculation were missing.
5. The volume of the bonus incentive, if applicable, was capped according to the reported method and calculated objective for the corresponding year.
6. The 20% INI was included if actual water use exceeded the pre-"capped" objective for the corresponding year.
7. Before 2040, if the "no backsliding" provision was applicable and the supplier was part of a regional alliance that met its regional target, the pre-"capped" objective was used in place of the "capped" objective.

A Steps to Calculate Objective

Table 8 summarizes the initial budget components as determined within the submitted workbook, in both million gallons (MG) and acre-feet (AF).

Budget Component	Equation Symbol	Budget Value (MG)	Budget Value (AF)
Residential Indoor	RI_B	602.7	1,849.5
Residential Indoor Variances and Provisions	RI_V	0.0	0.0
Residential Outdoor	RO_B	8,810.2	27,037.5
Residential Outdoor Variances and Provisions	RO_V	0.0	0.0
CII with DIMs	DIM_B	76.2	233.8
Real Water Loss	RWL_B	72.3	221.9
Bonus Incentive	BI	0.0	0.0
Sum (before INI)	OBJ	9,561.4	29,342.7

Table 8: Individual budgets within the objective for fiscal year 2023-2024

The following section describes the step-by-step calculations that produced the final objective for fiscal year 2023-2024. All calculations are shown in million gallons.

1. The initial water use objective (not including INI, the bonus incentive, or the “no backsliding” provision) was calculated as follows:

$$Obj_{init} = RI_B + RI_V + RO_B + RO_v + DIM_B + RWL_B$$

$$OBJ_{init} = 602.7 + 0.0 + 8,810.2 + 0.0 + 76.2 + 72.3$$

$$OBJ_{init} = 9,561.4 \text{ Million Gallons}$$

2. The bonus incentive was reported as 0 or not calculated. Therefore,

$$OBJ = OBJ_{init}$$

$$OBJ = 9,561.4 \text{ Million Gallons}$$

If you think the bonus incentive should be greater than 0, please review the values that were entered in the “Bonus Incentive” tab of the reporting form.

3. The calculated objective was greater than actual water use for FY 2023-2024, so the 20% INI buffer was not added to the objective.

Volume	Equation Symbol	Value (MG)	Value (AF)
Objective without INI	OBJ	9,561.4	29,342.7
Actual Water Use	AWU	1,501.5	4,607.9
20 pct INI Volume (if applicable)	RO_{INI}	699.0	2,145.0
Excluded Demands	$EXCL$	232.5	713.6

Table 9: Summary of volumes used in steps 3 and 4 to compare to the SBx7-7 target volume

$$OBJ_{ADJ} = OBJ$$

$$OBJ_{ADJ} = 9,561.4 \text{ Million Gallons}$$

4. The “no backsliding” provision was assessed.

SBx7-7 Component	Equation Symbol	Value (MG)	Value (AF)
SBx7-7 Target Volume	SBX_V	15,504.6	47,581.8
Process Water	PW	0.0	0.0
Indirect Recycled	IR	0.0	0.0
Total No Backsliding Volume	SBX_{TOT}	15,504.6	47,581.8

Table 10: Summary of supplier's individual SBX7-7 target volume, plus any additional demands excluded from the original target

The sum of the objective plus excluded demands (OE) is as follows:

$$OE = OBJ_{ADJ} + EXCL$$

$$OE = 9,561.4 + 232.5$$

$$OE = 9,793.9 \text{ Million Gallons}$$

OE was less than the no backsliding volume, SBX_{TOT} . Therefore, the final objective remains as calculated in the prior step.

$$OBJ_{FINAL} = OBJ_{ADJ}$$

$$OBJ_{FINAL} = 9,561.4 \text{ Million Gallons}$$



**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
NOVEMBER 20, 2025**

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the monthly Treasurer's Report
2. Vote Entitlement Resolution for Calendar Year 2026.
The Board adopted Resolution 2025-19, a resolution of the Board of Directors of the San Diego County Water Authority, establishing the vote and representative entitlements of each member agency effective January 1, 2026.
3. Adopt the Annual Statement of Investment Policy and continue to delegate authority to the Treasurer; and adopt resolution authorizing the San Diego County Water Authority to join with other public agencies as a founding member and participant of the California Fixed Income Trust Joint Powers Authority.
The Board adopted the Annual Statement of Investment Policy, as amended, and continued to delegate authority to the Treasurer to invest San Diego County Water Authority (Water Authority) funds for Calendar Year 2026; and
Adopted Resolution No. 2025-20 authorizing the Water Authority to join with other public agencies as a founding member and participant of California Fixed Income Trust (CalFIT) Joint Powers Authority and to invest in interest of the trust.
4. Adoption of Multi-Year Permanent Special Agriculture Water Rate (PSAWR) Funding Program.
The Board directed staff to implement Alternative 2: Cost Based Discount + Supplement Funding when developing annual rates and charges, beginning with CY27 Rates & Charges.
5. Professional services contracts for as-needed construction management support services.
The Board awarded professional services contracts, with such non-material modifications as approved by the General Manager or General Counsel for \$5,000,000 each to Arcadis U.S., Inc.; Kenny Consulting Services, Inc; Psomas; and Richard Brady & Associates, a WHB Company, to provide as-needed construction management support services, for a period of five years, and authorized the General Manager, or designee, to execute the contracts.
6. Professional services contracts for as-needed special inspection, materials testing, and geotechnical support services.
The Board awarded professional services contracts, with such non-material modifications as approved by the General Manager or General Counsel for \$1,000,000 each to Fenagh, Inc., dba Fenagh Engineering and Testing and Atlas Technical Consultants (CA), Inc. to provide as-needed special inspection, materials testing, and geotechnical support services, for a period of five years, and authorized the General Manager, or designee, to execute the contracts.



7. Professional services contracts to APPIA Pipeline Solutions, Insight Water Technologies, Inc., PICA Pipeline Inspection and Condition Analysis Corp (USA), and Pure Technologies U.S. Inc., for non-destructive condition assessment services, as needed.
 - a. The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to APPIA Pipeline Solutions for a not-to-exceed amount of \$900,000 to provide non-destructive condition assessment services, as-needed, for a period of three years, with the option to extend up to two additional years, and authorized the General Manager, or designee, to execute the contract.
 - b. The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to Insight Water Technologies, Inc. for a not-to-exceed amount of \$900,000 to provide non-destructive condition assessment services, as-needed, for a period of three years, with the option to extend up to two additional years, and authorized the General Manager, or designee, to execute the contract.
 - c. The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to PICA Pipeline Inspection and Condition Analysis Corp (USA) for a not-to-exceed amount of \$900,000 to provide non-destructive condition assessment services, as-needed, for a period of three years, with the option to extend up to two additional years, and authorized the General Manager, or designee, to execute the contract.
 - d. The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, to Pure Technologies US Inc. for a not-to-exceed amount of \$900,000 to provide non-destructive condition assessment services, as-needed, for a period of three years, with the option to extend up to two additional years, and authorized the General Manager, or designee, to execute the contract.
8. The Board approved the minutes of the Special Board of Directors Meeting of October 9, 2025, and the Formal Board of Directors' meeting of October 23, 2025.
9. Audit Committee Annual Report.
 - a. The Board accepted and filed the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.
 - b. The Board accepted and filed the Comprehensive Annual Financial Report for fiscal year ended June 30, 2025.
10. Board of Director Retirement Resolutions:
Director Matt Vespi, City of San Diego.

The Board adopted Resolution No. 2025-21, a Resolution of the Board of Directors of the San Diego County Water Authority, honoring Matthew Vespi upon his retirement from the Board of Directors; and

The Board adopted Resolution No. 2025-22, a Resolution of the Board of Directors of the San Diego County Water Authority, honoring Lindsay Leahy upon her retirement from the Board of Directors.

December 1, 2025

TO: Honorable President & Board of Directors

FROM: Lindsay Leahy, *General Manager*

SUBJECT: DISTRICT MONTHLY STATUS REPORT – OCTOBER 2025

PURPOSE:

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

SUMMARY:

For the month ending October 31, 2025, the following reports are presented by the Operations, Engineering, Finance, Information Technology (I.T.), and General Administration Departments:

I. OPERATIONS DEPARTMENT:

A. WATER / WASTEWATER DIVISION:

	<u>OCT 2025</u>	<u>OCT 2024</u>	<u>FY 2025-26 to Date</u>	<u>FY 2024-25 to Date</u>
Water Operations				
Flow (average cfs)	19.3	24.87	24.59	28.85
Total Rainfall (inches)	0.46	0.05	0.93	0.05
Average 24 Hr. Temp. (EF)	65	68	71	73
Average High Temp. (EF)	79	84	85	88

Water Purchases (A.F.)	1,189.6	1,529.37	6,008.96	5,513.4
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	<u>Budgeted 2025-26</u>	<u>Projected 2025-26</u>	<u>Actual 2024-25</u>
Water Sales (A.F.)	12,500.0	12,500.0	13,884.7

	<u>SEPT 2025</u>	<u>AUG 2025</u>	<u>F.Y. 2024-25 to Date</u>
Power Purchases			
Electricity and Natural Gas			
Total kWh Purchased	688,170	762,465	1,958,418
Avg. Cost/kWh	\$0.222808	\$0.230109	\$0.237602
Total Therms Purchased	22,250	11,366	80,276
Avg. Cost/Therm	\$1.36046	\$1.39602	\$1.34074

Operations and Facilities Department RENEWABLE ENERGY PROJECTS



Solar Sites Online

★ (9) Sites - Total 1.86MW

Proposed Future Solar Sites

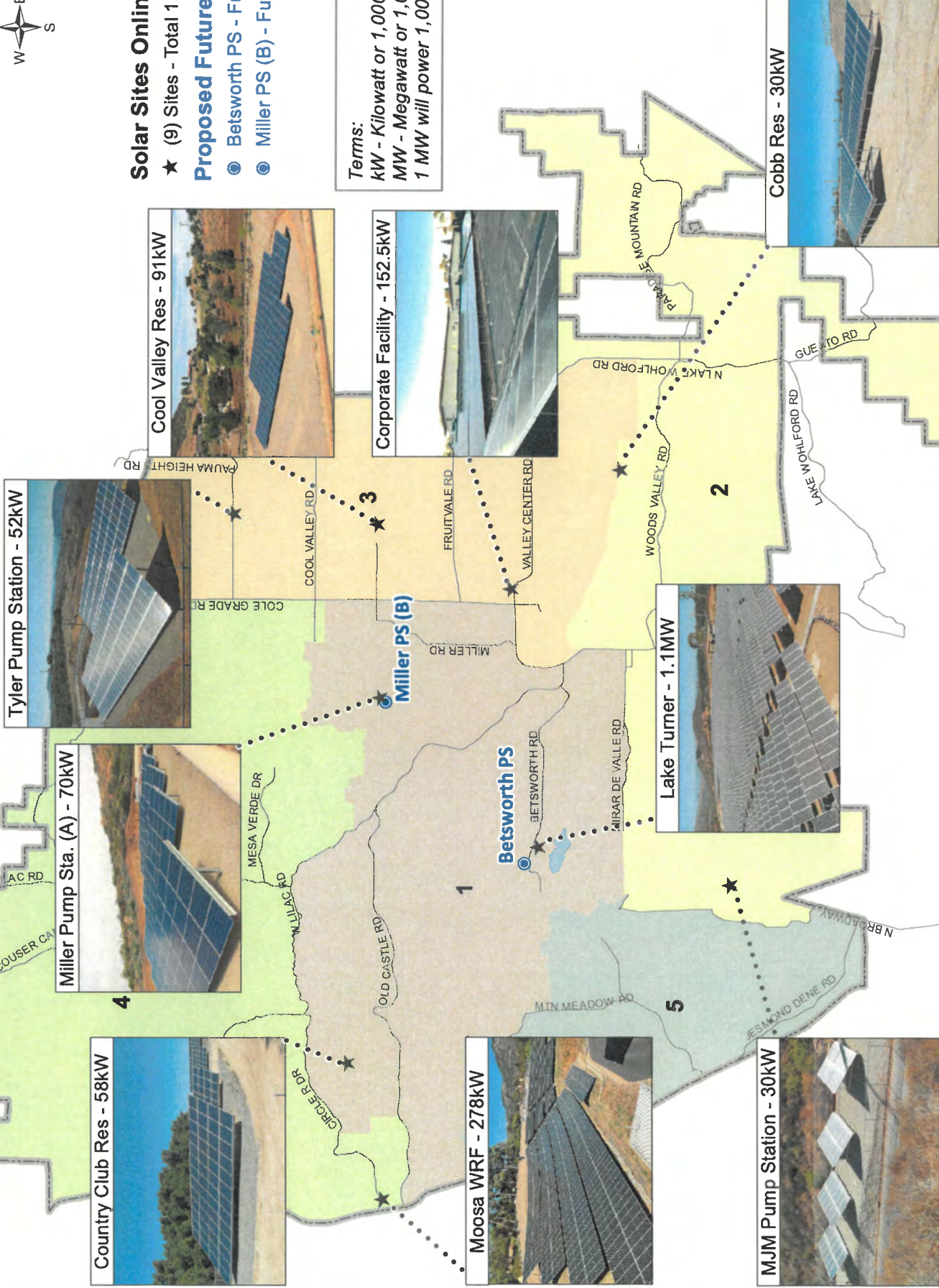
● Betsworth PS - Future 868kW

● 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



Wastewater	OCT	OCT	OCT
Daily Flows (Average M.G.D.)	<u>2025</u>	<u>2024</u>	<u>2023</u>
Moosa	.273	.278	.277
Woods Valley	.121	.119	.118

	OCT	OCT	F.Y.	F.Y.
Recycled Water	<u>2025</u>	<u>2024</u>	<u>2025-26</u>	<u>2024-25</u>
Woods Valley Ranch WWRF (A.F.)	11.60	11.37	<u>to Date</u>	<u>to Date</u>
			46.54	46.69

B. CUSTOMER CONTACTS:

	OCT	OCT	F.Y.	F.Y.
Customer Service Requests:	<u>2025</u>	<u>2024</u>	<u>2025-26</u>	<u>2024-245</u>
Backflow Leaking	0	11	<u>to Date</u>	<u>to Date</u>
Conservation	0	0	18	27
Facilities Damaged by Others	0	1	0	0
Leaks	18	19	1	1
Miscellaneous	25	28	93	100
No Water	6	4	95	87
Pressure	7	6	24	23
Sewer	0	0	53	37
STEP System	2	0	0	0
Water Quality	1	4	10	10
			5	4
After-Hour Call-Outs				
SCADA	4	2	14	11
Customer	17	22	102	106

C. SAFETY MEETINGS:

Safety Meetings

10/07/25 - Back Safety (Bill Morris)

10/14/25 - PPE Safety (Bill Morris)

Seminars/Meetings

10/11/25 - Recycled Water Site Supervisor Certification training webinar attended by Ryan Reeh

D. SECURITY:

	<u>OCT 2025</u>	<u>OCT 2024</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Trespassing/Break-ins	0	0	0	5
Vandalism	0	0	1	0
Threats/Suspicious Activity	0	0	0	0
Theft	0	0	0	0

E. METER SERVICES DIVISION:

	<u>OCT 2025</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Installation/Maintenance/Repair			
Meters Installed	2	15	16
Meter Service Repairs	10	28	13
Total Meters Exchanged	23	89	53
Meter Flow Test Bench			
Meters Tested	6	53	28
Backflow Program RP & DC Devices			
Tested	535	2,169	2,140
Repaired	26	124	107
Installed	15	63	47

F. WATER FACILITIES DIVISION:

	<u>OCT 2025</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Pump Maintenance			
Pumps Pulled	0	1	3
Electric Motors Repaired	1	2	4
Electric Motors Rewound	0	0	0

G. CONSTRUCTION & MAINTENANCE DIVISION:

	<u>OCT 2025</u>	<u>F.Y. 2025-26 to Date</u>	<u>F.Y. 2024-25 to Date</u>
Pipeline Maintenance/Repair			
Mainline Repairs	0	19	6
Shutdowns	0	6	2
Shutdowns Due to New Construction	0	8	4
Valve Maintenance			
Quad completed: A – K			
80% through Quad L			
Leak Detection Program Status			
100% of facilities detected through Quads: A – K			
80% of facilities detected through Quad L			

	OCT 2025	F.Y. 2025-26 to Date	F.Y. 2024-25 to Date
Landscape (Reservoirs) Maintenance			
Station Maintenance	17	300	76

H. VEHICLE MAINTENANCE:

	OCT 2025	F.Y. 2025-26 to Date	F.Y. 2024-25 to Date
Vehicles Serviced	3	15	23
Miles Driven	26,153	115,600	116,818
Gallons of Fuel Consumed – Vehicles	2,173	8,940	9,865
Gallons of Fuel Consumed – Equipment	115	544	764
MPG (average)	11.7	12.0	12.3
Pickup Trucks MPG	13.5	13.8	14.0
Service Trucks MPG	6.5	6.9	7.9
Average Vehicle Miles	534	540	562
 Total Mileage on Vehicles		3,000,842	4,238,303
 Total Number of Vehicles in Fleet	49		
Vehicles in Service	48		
Surplus Vehicles Available	1		

**FIELD DEPARTMENT
CAPITAL FUNDED PROJECTS SUMMARY**

Project No.	Name	F. Y. Auth- orized	Budget 2025- 2026	Total Project Budget	Contracts		Comments	Dept.
					Contractor / Consultant	% Complete SEPT OCT		
01-06-78-51050	Natural Gas Engine Controls Upgrade and Automation	16-17		\$190,000		33%	33% Construction in progress	P&M
01-06-78-51080	Pump Station Power Monitors	22-23		\$56,220		15%	15% Construction in progress	P&M
01-06-78-51373	Vehicles - Hooklift Truck	22-23		\$238,800		50%	50% Hooklift Truck Out Getting Outfitted.	P&M
01-06-78-51371	Vehicles - Four 1/2 ton pickup Trucks - Extra Cab	25-26		\$236,000		25%	50% Trucks on Order	P&M
01-06-78-51371	Vehicles - 1/2 Ton pickup truck - Crew Cab	25-26		\$63,000		80%	100% Truck Completed in Service	P&M
01-06-78-51376	Backhoe Loader	25-26		\$200,000		50%	50% On Order	P&M
01-06-78-51880	Electric Motor Soft Starter Replacements	23-24		\$60,000		20%	20% Received, Installation in Progress	P&M
01-06-78-51930	Paradise Reservoir Site Chloramine Boosting System	23-24		\$214,500		0%	0%	P&M
01-06-78-51820	Rescue Davit System	25-26		\$10,000		60%	100% Completed	SAFETY
13-06-78-53140	Lower Moosa Collection System Vitrified Clay Pipe Lining	18-19		\$119,000		90%	90% Contractor making repairs	WW

II. ENGINEERING DEPARTMENT:

A. ENGINEERING SERVICES:

	<u>October 2025</u>	<u>September 2025</u>	<u>F.Y. 2025-26 To Date</u>	<u>F.Y. 2024-25 Total</u>
Fire Meter Sales	1	3	6	36
Meter Sales	1	0	2	31
Meter Relocation	0	0	1	3
Meter Resize	0	0	1	3
Maps Processed (PF letters)	3	1	4	15
Agency Clearances Signed	4	5	20	70
Fire Hydrants/Special Projects Accepted	1	0	2	6
Underground Service Alerts/Mark-Outs	248	244	1,252	4,604
Potable Construction Meters	2	3	9	30
One Day Permits	0	0	0	1
Wastewater Inspections	0	0	1	2

General Activity:

In addition to the items listed in the above table, Engineering Services staff assists with encroachment permits and violations, provides information for mark outs and helps customers with water conservation questions, and available rebate programs.

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.

The following took place in October:

1. Water and wastewater infrastructure updates included adding or updating 16 valve/appurtenances, adding 34 laterals and fittings to existing meters, 86 water meter location updates via GPS coordinates, adding or updating 46 backflow devices and adding 2 wells into the system. Edits generated from 5 as-built record drawings were completed, and 4 map exhibits were produced. Updates to 26 Service Areas were completed. SanGIS updates were downloaded for the most recent addresses, parcels, right of way, and roads.
2. Engineering Technician support continued with updates to water meters and laterals using GNSS coordinates provided by the Field Department.

3. Monitoring software review conducted with the consultant to evaluate existing alert criteria, implement necessary adjustments, and verify that the fully implemented system is configured and functioning as intended.

C. EASEMENT ENCROACHMENTS:

Summary of Activities:

In the month of October, three Permits moved from Pending Evaluation to Active Permits, five Active Permits were closed, and no new Violations were discovered. Inspections were conducted in order to close permits for private utility crossings, a driveway, drainage swale, tree removal, gate installation, and paving. All other existing files are still pending.

	ENCROACHMENTS STATUS TABLE				
	Encroachment Violations			Encroachment Permits	
10/1/2025-10/31/2025	Pending Evaluation	Owner Resolution	District Resolution	Pending Evaluation	Active Permits
Beginning Log	11	20	11	18	11
Plus New	0	0	0	0	3
Less Completed	0	0	0	3	5
Ending Log	11	20	11	15	9

Encroachment VIOLATION Footnotes:

Pending Evaluation – This column represents the status of reported encroachment violations. The number of new violations reported during the month is indicated along with the number of violations that were resolved during the month. Resolution may result in either a) the property owner agreeing to remove the encroachment violation, b) in some cases, the District allowing the encroachment violation to remain pending resolution by the District, c) issuance of an encroachment permit that allows the encroachment to remain as is, or d) issuance of an encroachment permit that requires modification of the encroachment by the owner. Once the course of action for resolution of the encroachment violation has been determined, it is shown completed in the Pending Evaluation column and becomes a new item in either the Owner Resolution Column, the District Resolution Column, or the Active Permit Column.

Owner Resolution – Removal of the encroachment violation is a property owner action requirement and will be inspected by District staff. The number of encroachment violations that were removed during the month is indicated as completed in this column.

District Resolution – Staff has determined that the encroachment violation is not a result of the current owner's action and has agreed to allow the encroachment to remain pending resolution by the District. The encroachment violation is properly documented and made clear to the owner that the District is not responsible for damage to the encroachment as a result of the operation, maintenance, or failure of the District's facility in the easement.

Encroachment PERMIT Footnotes:

Pending Evaluation – This column represents the status of requests to construct facilities or other improvements within a District easement under review and consideration. The number of requests received during the month is indicated as new and the number of requests resolved is indicated as completed. Resolution of the request included either a) denial of the encroachment request, or b) issuance of an encroachment permit. Many times, the encroachment permits are issued concurrently with the completion of the work. Encroachment permits that will

require further follow up inspection are shown in the Active Permits column.

Active Permits – This column shows the status of encroachment permits approved by District with work in progress and being inspected by District staff. Although the work is authorized, work may not commence immediately.

D. DEVELOPER FUNDED PROJECTS:

See **Table I** and **Location Map** for project details and general status of the **Special Projects**, Private Low-Pressure Wastewater Collection System Installations, and Cell Site Projects that are in process.

See **Table II** and **Location Map** for general status of all **Developer-Funded Projects**.

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Special Projects (01-00-00-182xx)								
Job # 182xx	PROJECT NAME	Owner Engineer	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept.	October 2025 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	95%		Developer is waiting on final engineering and survey costs in order to finalize reimbursement amount.
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)	80%		All proposed water facilities have been installed. Testing cannot commence until sewer improvements are completed. Gratzl Heavy Equipment made minor repairs to the asphalt surface of the new water line trench in July. The project remains dormant since September 2023.
44	San Pasqual Retail Center adjacent to Horizon Fuel Center Ph 1 - Water Service Installation Ph 2 - Road Widening and Appurtenance Relocation Ph 3 - Ziggy's Coffe	San Pasqual Economic Development Corporation Masson and Associates Inc	3/18/2021	\$92,758	TLM Petro Labor force, Inc.	100%	10/9/2025	Final acceptance issued October 09, 2025. In 1-year Warranty Period through October 09, 2026.
64	Anthony Rd. Fire Hydrant - Blackrock	David Klose	N/A	\$28,685	Draves Pipeline	100%	1/9/2025	Final acceptance issued January 9, 2025. In 1-year Warranty Period through January 2026.
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	Pending	Zigman Shields	95%		Developer working to complete punch list items. Grinder pump start up completed on October 31st. Staff met with the owner to review CWDP and FOG requirements for yearly inspections.
67	Hamid Quitclaim	Hamid Liaghat	N/A	\$2,000	Szytel Engineering	90%		Mr. Liaghat is in the process of reverting the Minor subdivision map to acreage. VCMWD requires confirmation the process has been completed by the County prior to finalizing the quitclaims. No Activity since August 2024.
82	V.C. Fire Station No. 3 Domestic Service and Fire Detector Assembly	Joe Napier Phil Buccola Engineering	4/14/2025	\$63,093	Erickson-Hall Construction Co. Brandon Hamlett	40%		Contractor hot tapped a 3-inch water service connection. Contractor has to remove the conduit around the electrical package to begin installation of the proposed water facilities crossing Cole Grade Road. This work still needs to be scheduled with SDG&E.
83	McNally - JHR Partners Fire Hydrant	JHR Partners Wade Rupe	11/13/2024	\$32,500	West Coast Underground	100%	6/11/2025	Final acceptance issued June 11, 2025. In 1-year Warranty Period through June 11, 2026.
88	Hernandez / Manzanita Crest Fire Hydrant	Luis Hernandez	N/A	\$31,900	West Coast Underground	100%	10/1/2024	Final acceptance was signed October 1st. The project is now in 1-year warranty until October 2025.

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Special Projects (01-00-00-182xx), Continued.								
Job # 182xx	PROJECT NAME	Owner Contractor	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept.	October 2025 Comments
89	Portinos LP Sewer Lateral	June Knab	Pending	\$91,000	Mike Gratzl	0%		Flow inspection scheduled with VCMWD wastewater department for early November.
90	Webb LP Sewer Lateral and GP	Dean Webb	7/31/2024	\$87,270	Draves Pipeline	100%	1/9/2025	Final acceptance issued January 9, 2025. In 1-year Warranty Period through January 2026.
91	Feria Fire Hydrant	Eller Feria Palacios	11/7/2024	\$38,021	IAO Builders Inc	100%	8/27/2025	Final acceptance issued August 27, 2025 In 1-year Warranty Period through August 2026.
92	Norris Sewer Lateral	Steve and Cydne Norris	1/23/2025	\$21,841	Steve Norris (self)	0%		Contractor pot holed the watermain to determine the elevation at the crossing. District was waiting for the contractor to schedule the installation of the sewer lateral.
93	Develyn LLC Storage	Dave Bohorquez / Larry Dutton	Pending	Pending	TBD	0%		Developer sent staff improvement plans for review at the end of October.
94	Lackritz Sewer Lateral	Gil Lackritz	Pending	Pending	TBD	0%		Staff is awaiting updated site plan and cost estimate following onsite meeting held in June to determine final sewer lateral location.
95	The Farm Fire Hydrant	IAAA, LLC Wunderlin Engineering	Pending	Pending	Sweig General Contracting Inc.	0%		Engineer for developer provided updated site plan and easement plats and legal descriptions for review at the end of October.
96	Kleinman Improvements	H2K Construction Inc. David Kleinman	N/A	\$11,908	Draves Pipeline	100%	7/1/2025	Project is under 1-year warranty through July 2026.
97	Lively Wastewater Connection	Curtis Lively	Pending	Pending	Pending	100%		Project is under 1-year warranty through July 2026.
98	Archangel Ranch RPDA	Archangel Ranch LLC Bob & Dallas Booker	Pending	Pending	Pending	0%		Fire flow analysis was returned to developer 10/23/25.

ENGINEERING DEPARTMENT
TABLE I - ENGINEERING SERVICES PROJECTS SUMMARY

Special Projects (01-00-00-182xx), Continued.								
Job # 182xx	PROJECT NAME	Owner Contractor	Plan Approval	Estimated Construction Cost	Contractor	% Complete Construction	Final Accept.	October 2025 Comments
99	De Wet Fire Hydrant	Henry De Wet	Pending	Pending	Pending	0%		Contractor obtained materials at the end of October. Pre construction meeting was held October 29th. Contractor exposed and installed tapping sleeve 10/30. Contractor plans to tap watermain the first week of November.
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.	October 2025 Comments
417	Papa Bears (Armando & Maria Sanchez)	11/26/18	11/26/18	N/A	Owner Installed	95%		Staff processed and approved Commercial Wastewater Discharge Program Application and performed an inspection walk through in March. No VCMWD activity since that time.
11698	Good Standing - Hakeem Milbes (Tail Oak Lot 27)	01/23/23	01/25/23	N/A	Pending	0%		Approved Planning Submittal in January '23. No Owner Activity since that time.
11699	Good Standing - Hakeem Milbes (Tail Oak Lot 24)	09/20/22	09/26/22	N/A	Pending	0%		Received and approved Plan Submittal in September '22. No Owner Activity since that time.
11934	Nicanor Perez (10185 Tail Oak Dr)	07/19/24	08/07/24	N/A	Owner Installed	10%		Developer excavated for the E-One Tank and began trenching for onsite piping in November '24. No activity since.
11760	Mickey Montemuro (10050 Tail Oak)	Pending	Pending	N/A	Pending	0%		Grinder pump information was sent to customer when meter was purchased in 2022. Home construction is now on hold. No contact from customer since August '22.
11935	Carl Bayney (10030 Tail Oak)	10/31/24	Pending	N/A	Pending	0%		Staff followed up with developer after not hearing back on the plan review comments in November of 2024 but there has been no return correspondence.
12036	Kyle Churley (28511 Giant Rock Lane)	06/30/25	Pending	N/A	Pending	0%		Staff continued to work through grinder pump plot plan revisions with property owner.
Cell Site Installations (01-03-23-50001 Function 122)								
Site #	SITE	Plan Submittal	Plan Approval	Estimated Construction Cost	Cell Company	% Complete Construction	Final Accept.	October 2025 Comments
NO CELL SITE INSTALLATIONS ARE IN PROCESS AT THIS TIME								

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00- 180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	Phase	PLANNING		Planning		CONSTRUCTION				October 2025 Comments
						Engineer	Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance		
05	Belmont Estates	JN	TM5110-1	4	G	ACAL Engineering	08/04/14	02/04/16	\$166,655				No response to letter requesting status update sent February 2018. No VCMWD Activity since February 2018.	
06	Lake Wohlford Resort Annexation	WG			F	Dexter Wilson Engineering (DWE)							OWP obtained approval in January '25 of Amendment D to the SWRCB Grant Workplan, to fund additional Annexation and Planning costs of the private water facilities needed to serve the resort, and added the participation of the San Pasqual Band of Mission Indians for water service at Duro Road.	
	Workplan Version D Expires - 10/3/25													
	Office of Water Programs - Sacramento State (OWP) is providing management services for the Facility Grant with the SWRCB												Staff previously provided comments on the draft Preliminary Design Report and annexation application, but have not heard back from the project proponents.	
													Environmental Reports are being updated and reviewed. Staff received the draft Maintenance Agreement for Review and provided comments.	
07	Viking Grove Development	JN	20688 & 20690	9	A	ACAL Engineering	05/16/16	11/09/22	\$318,507	TAD Construction	100%	12/12/2024	Project is in 1 year warranty period until December of 2025.	
19	The Oaks (Washington Meadows Dev., Inc.)	JN	TM 5174.1	11	G	Spears and Assoc.	10/19/15	09/08/22	\$186,710				The final map and plans were signed by the District and transmitted to the developer in September 2022. No VCMWD activity since September 2022.	
22	El Cidro	JN		10	G	BWE, Inc. (formerly Burkett & Wong Engineering)	04/15/13	11/30/15	\$410,250				Joint Agreement to Improve Subdivision, Joint Lien Agreement & Lien Hold Agreement approved by the County and the Final Map was recorded in July 2016. With project under a Lien Hold Agreement, construction will be delayed indefinitely. No VCMWD Activity since July 2016.	
23	Park Circle Touchstone Communities (Backbone Facilities) (neighborhoods A & C)	JN	TM 5603 Units 2 & 3	A		Dexter Wilson Engineering & Touchstone Engineering Staff	04/15/19	07/23/19	\$3,100,000	Basile	100%	02/28/25	Project in 1-year warranty period until February of 2026.	
	Park Circle Touchstone Communities (Neighborhood E)	JN	TM 5603 Unit 1	A	101		04/15/19	10/19/20		Cass/Arrieta	100%	02/28/25	Project in 1-year warranty period until February of 2026.	
	Park Circle Touchstone Communities (Neighborhood B)	JN	TM 5603 Unit 4 & Portion Unit 5	A	143		04/15/19	11/18/19		Cass/Arrieta	100%	02/28/25	Project in 1-year warranty period until February of 2026.	

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00- 180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	P h a s e	PLANNING		Planning		CONSTRUCTION			October 2025 Comments
						Engineer	Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance	
25	Orchard Run Subdivision - Unit 1 (Backbone Facilities funded by Touchstone)	JN	TM 5087 Unit 1 - 58 Lots	20	A	Dexter Wilson Engineering & Touchstone Engineering Staff	04/15/19	07/23/19	\$1,855,800	Cass/Arrieta	100%	06/24/24	Staff continued 1 year warranty inspection of facilities.
	Orchard Run Subdivision - Unit 2 (Backbone Facilities funded by Touchstone)		Unit 2 - 70 Lots	3	A		04/15/19	07/23/19	\$1,877,000	Cass/Arrieta H7	100%	06/25/24	Staff continued 1 year warranty inspection of facilities.
	Orchard Run Subdivision - Unit 3 (Backbone Facilities funded by Touchstone)		Unit 3 - 120 Lots Affordable Homes - 52 lots	120	A		04/15/19	07/23/19	\$1,717,785	Cass/Arrieta	100%	06/26/24	Staff continued 1 year warranty inspection of facilities.
27	Free-Thomas Line Extension	JN	20450	4	G	Penny Engineering	12/24/14	12/24/14	\$69,837				No activity since letter informing Owner that plan approval expired; requested project update. Owner continuing to process plans through County which is delaying water design. No VCMWD Activity since February 2018.
30	Deer Springs Towne Center (Planning)	WG		2	G	BWE, Inc. (formerly Burkett & Wong Engineering)							Staff previously met with County planner in charge of other adjacent development to explore options for wastewater service that can be applicable here as well. There may be opportunity for joint effort with other developers for a communal system, to be further explored with individual developers. No VCMWD Activity since October 2019.
35	Welk Garden Villas	JN		148	G	Hale	06/19/06	07/26/10	\$458,800	Ratzlaff	90%		In October 2022, Staff met with representative from Mamoli, the new Owner of Welk Resort. They indicated a contractor is in process of being selected to perform the remaining punch list items. No VCMWD Activity since October '22.
39	Rimrock Phase III	FC	TM 4744	56	D	UES	04/21/25			CRC			Cost estimate was approved July 3rd and final plans were signed July 7th. Developer is now awaiting final approval from County of San Diego.
40	Circle P	JN	TM 5468	11	G	CTE, Inc.	08/07/17						No activity since Board issued Concept Approval for the project in August 2017. Staff prepared and submitted District Facility Agreement (DFA) to Developer for signature. Plan review pending receipt of plans and signed DFA. No VCMWD Activity since August 2017.
44	Sea Bright Line Ext.	WG	TM 5814	9	G	Sea Bright	01/22/13	06/02/17	\$639,000				No activity since Board issued Concept Approval for the project in August 2017. Staff prepared and submitted District Facility Agreement (DFA) to Developer for signature. Plan review pending receipt of plans and signed DFA. No VCMWD Activity since August 2017.
46	Beck Subdivision	WG	TM 5060	16	G	Sea Bright	06/01/09	10/10/18	\$237,215				Quitclaim on hold until County provides documentation that they are going to revert map to acreage.

**ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY**

Job # 01-00-00- 180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	Phase	PLANNING		Planning		CONSTRUCTION				October 2025 Comments
						Engineer	Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance		
55	Park Circle Shea Homes (Neighborhood A)	JN	Portion TM 5603 Unit 5	88	A	Dexter Wilson Engineering & Touchstone Engineering Staff	04/15/19	11/18/19		Cass/Arieta	100%	02/28/25	Project is in 1 year warranty period until February of 2026.	
56	Orchard Run KB Home Coastal (Units 1 & 2)	JN		105	A	Dexter Wilson Engineering & Touchstone Engineering Staff	04/17/19	07/23/19	\$1,717,785	H7 Contracting and Engineering	100%	06/24/24	Staff continued 1 year warranty inspection of facilities.	
57	Orchard Run Unit 3 Affordable Home Unit	JN	TM 5087-3	52	B	Touchstone	04/17/19	07/23/19	Included in OR Unit 3	Cass/Arieta	75%		Developer was moving towards water connections, but has paused facility construction. Working with the contractor to repair items found during water testing.	
58	Mountain Meadow Village Center	WG		1	F	PLSA							Developer continues to review District's response to their reimbursement agreement ideas. No VCMWD Activity since April 2024.	
59	Pauma Vista Winery Water Line Extension	JN		1	F	Rancho Coastal Surveying Engineering Inc.	01/07/22	11/16/22	\$255,000	Pending			Project remains inactive since plans were signed on November 16, 2022. No VCMWD Activity since November 2022.	
64	Park Circle Beaver Homes (Unit 4)	JN	TM 5603-2	79	A	Dexter Wilson Engineering & Touchstone Engineering Staff	04/15/19	09/27/21		H7 Engineering and Contracting	100%	02/28/25	Project in 1-year warranty period until February of 2026.	
65	Rincon Tribe Emergency Water Service	WG			G	JR Filanc							Staff is providing assistance and coordination to Rincon Band of Luiseno Indians regarding their evaluation of obtaining a connection location for an emergency source of water supply. Study is being conducted by JR Filanc utilizing San Diego State Engineering Department. No Activity since Initial discussion with SDSU Students in October 2021.	
66	Village Station	WG		200	G	Wynn Engineering	Pending						Previously requested updated preliminary design report (PDR) for all of VCVF North Village property. Owner has not made efforts to have the reports completed nor to move forward with project planning. No further staff activity is anticipated until receipt of the PDR.	
67	Ivy Dell RV Park Water Line Extension	JN		1	G	Excell Engineering Robert Dentino	Pending						Final mylars have been awaiting County approval since April. Once approved they will be returned to VCMWD for final signature. Once mylars are signed, developer can move forward with scheduling a pre-construction meeting. No Activity since June 2023.	
69	Manzanita Crest Waterline Extension	JN	PM 19064		G	SMS Consulting	Pending						Developer's engineer submitted plans for review. Staff processed and returned first plan check comments back in June of 2022. No VCMWD Activity since June 2022.	

ENGINEERING DEPARTMENT
TABLE II - DEVELOPER FUNDED PROJECTS SUMMARY

Job # 01-00-00- 180xx	PROJECT NAME	Proj. Mgr.	Map No.	Lots/ Units	Phase	PLANNING		Planning		CONSTRUCTION			October 2025 Comments
						Engineer		Concept Approval	Plan Approval (1)	Estimated Cost	Contractor	% Complete	Final Acceptance
73	North Ranch Estates (Weston Residential Property)	WG		515	F	Dexter Wilson Engineering (Water and Sewer Planning) Rick Engineering (Civil Design)		Pending					Staff previously met with the Project Owner and their engineers to discuss the water and sewer requirements for the project, including funding requirements for the Woods Valley Ranch WRF Phase 3 capacity expansion. Dexter Wilson Engineering has submitted a water planning study and is preparing a sewer planning study for submittal. Staff evaluating requirements for incremental capacity transfer to Park Circle.
78	Native Oaks Plaza (SPEDC)	JN			B	Alidade Engineering - Larry Dutton		N/A	06/12/25	\$94,408	WE Oneil	80%	The contractor is on hold, awaiting the procurement of materials required to complete the proposed water improvements.
84	Anderson Line Extension (Munster Platz)	JN	TPM 20460	5	G	Wynn Engineering		05/16/16					District sent request to new owner for \$5,000 deposit and project account agreement in June. No VCMWD activity since June 2023.
88	Marquart Ranch Line Ext.	JN	TM 5410	9	G	MLB Engineering (Michael Benesh)		05/04/09	09/19/17	\$293,751			No activity since plans approved September 7, 2017.
<div> <div> <div>PROJECT SUMMARY</div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div> <div> <div># of Projects</div> <div>7</div> <div>2</div> <div>0</div> <div>1</div> <div>0</div> <div>10</div> <div>4</div> <div>16</div> <div>20</div> <div>30</div> <div></div> </div> <div> <div>Lots or Units</div> <div>423</div> <div>52</div> <div>0</div> <div>56</div> <div>0</div> <div>531</div> <div>517</div> <div>430</div> <div>947</div> <div>1,478</div> <div></div> </div> <div> <div>Total Cost</div> <div>\$3,603,507</div> <div>\$94,408</div> <div>\$0</div> <div>\$0</div> <div>\$0</div> <div>\$3,697,915</div> <div>\$255,000</div> <div>\$2,462,218</div> <div>\$2,717,218</div> <div>\$6,415,133</div> <div></div> </div> </div> <div> (DFA) = District Facilities Agreement (P) = District Participation in Project (R) = Reimbursement Agreement (1) Red Text Indicates that Concept or Plan Approval has expired. </div>													

Engineering Department DEVELOPER PROJECTS



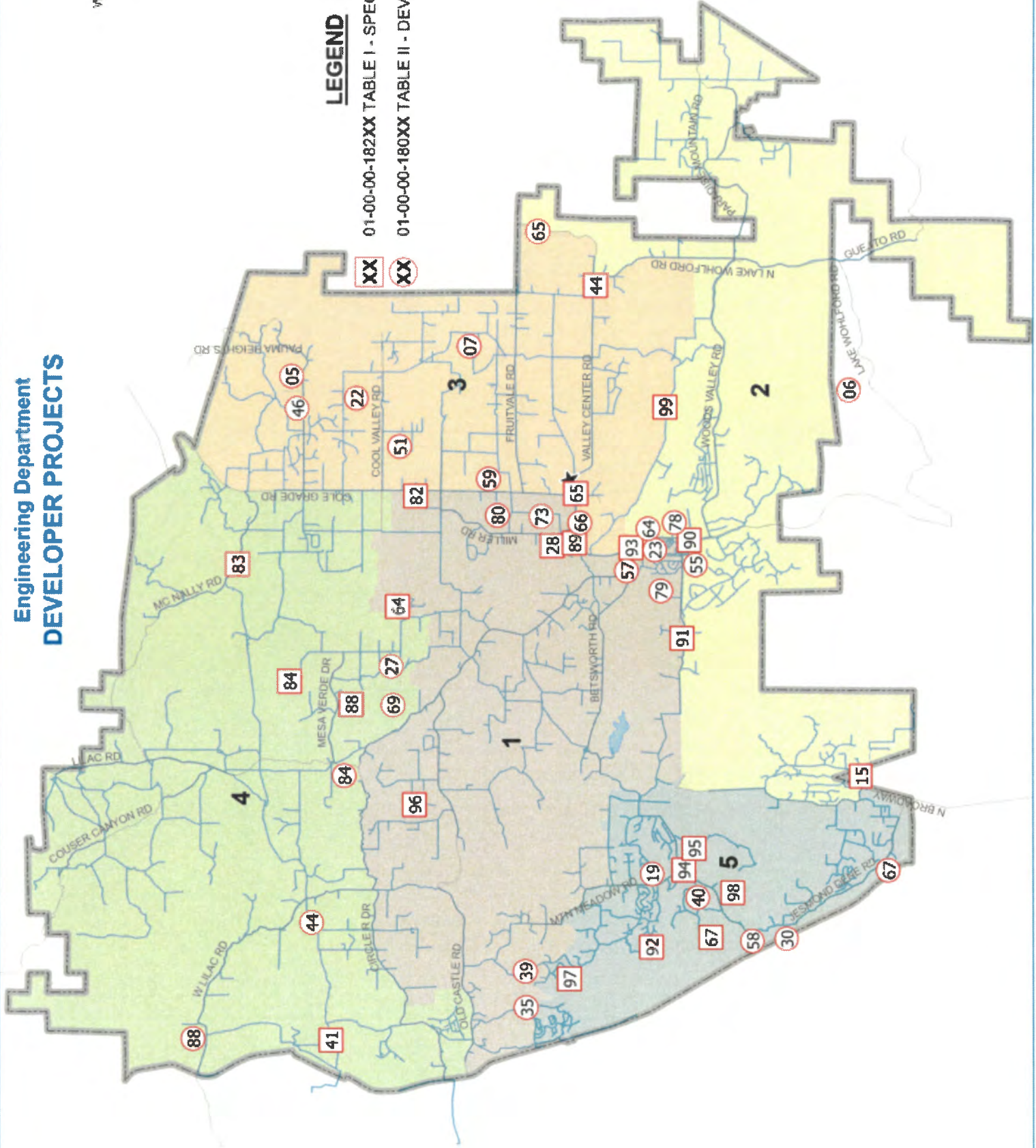
LEGEND

01-00-00-182XX TABLE I - SPECIAL PROJECTS

01-00-00-180XX TABLE II - DEVELOPER PROJECTS

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E. CAPITAL IMPROVEMENT PROJECTS:

See **Table III** and **Location Map** for general status of all **Capital Improvement Projects**.

ENGINEERING DEPARTMENT

TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	October 2025 Comments
			Sept	Oct		
Pipelines & PRV Projects						
51020	Upsizing / Unspecified Pipeline Replacement	N/A	0%	0%	Wally Grabbe	Authorization with FY 2023-24 Annual Budget - \$250,000. Staff previously utilized \$120,000 to fund the Wohlford Estates participation cost and \$50,000 for the Cerro De Pauma Repair, leaving \$80,000 available for other projects.
51500	Pipeline Condition Assessment	Pending	10%	10%	Wally Grabbe	Staff continued preparation of leak history data for in house condition assessment. Staff began creating a map layer in GIS to identify leak locations out in the field.
51150	North Broadway Pipeline Relocation (Design/Bid Phase)	In-House (Design) TSAC - Surveying	75%	78%	Fernando Carrillo	Surveyor was onsite to survey existing pipe alignment, valve cans, sewer Manhole lids. Staff reviewed and commented on preliminary pipe alignment.
18080	NC ESP Alternative Delivery Project Planning, Design and Funding Agreement (Construction Phase)	Orion Construction	87%	89%	Jeson Nikrasch	Surge tanks and piping were installed at San Gabriel PS. Contractor continued electrical equipment and conduit installation. Start up testing was completed at Muutama FCF.
51200	NC ESP 14-inch Pipeline Relocation (Construction Phase)	Orion Construction	99%	99%	Jeson Nikrasch	Project close out pending completion of Schedule A.
51690	Cole Grade Road Pipeline Replacement Design Phase	In-House	97%	97%	Fernando Carrillo	Staff continue to complete the design for the Phase 1 pipeline project. Staff anticipate completing the final design by December 2025.
51420	Old Castle Road Pipeline Replacement - Phase 2 Design Only	In-House	90%	92%	Fernando Carrillo	Staff is finalizing the Traffic control plans to submit to the County to obtain the Excavation Permit and Traffic Control Permit.

ENGINEERING DEPARTMENT

TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	October 2025 Comments
			Sept	Oct		
51120	2020 DWSRF Loan Application (Reimbursement Phase)	In-House	99%	100%	Wally Grabbe	Disbursement Request No. 9 and Final was submitted.
Pipelines & PRV Projects, continued						
51121	2023 DWSRF Loan Application (Submission)	Birdseye Planning Group	75%	90%	Wally Grabbe	Staff received the Loan agreement for approval and started preparation of the Good Faith Estimate needed for Board Approval and authorization to sign the agreement.
51910	Gordon Hill Upper Pipeline Relocation Project (Design, Bid Phase)	In-House	95%	96%	Fernando Carrillo	Staff continues to finalize the design plans. Staff is finalizing easements and encroachments.
51840	Rodriguez Road Pipeline Replacement (Planning Phase)	In-House	20%	20%	Wally Grabbe	Given the current challenges with SDG&E and SDCWA right of ways, staff re-prioritized the grant funding assigned to this project to Old Castle. Meanwhile, staff will pursue other means to accomplish the project. No Activity on this project is anticipated until 2026.
51418	Alps Way Pipeline Replacement (Construction Phase)	Shaw Equipment Rentals, Inc.	100%	100%	Jeson Nikrasch	1 Year warranty inspection was performed. No warranty issues were found.
Reservoir Projects						
51303	Ridge Ranch Interim Reservoir (Design Phase)	In-House Design	20%	20%	Wally Grabbe	Preparation of the pre-design report is scheduled for the November /December 2025 time frame.

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	October 2025 Comments
			Sept	Oct		
51401	Reidy Canyon No. 1 & West Bear Ridge Reservoirs - Paint and Recoat (Design Phase)	AIS	0%	0%	Jeson Nikrasch	The material submittal review process started. Staff returned the first round of comments. A hazardous material site plan was created. Notice to proceed scheduled for November 17th.
51405	McNally & Mizpah Reservoir - Paint and Recoat (Construction Phase)	Capital Industrial Coatings	100%	100%	Jeson Nikrasch	Project Final Acceptance issued January 9th, 2025. 1-year Warranty Period ends January, 2026.
Data Management Systems						
51730	SCADA/HMI Migration - Water System Phase 1 (Implementation Phase)	In-House	20%	20%	Wally Grabbe	Engineering, Operations, and IT staff continue to work together with the consultant in reviewing PLC Programming developed by the system integrator for the NCESP project and HMI Screens developed by VCMWD System Integrator (Enterprise Automation).
51770	Document Management System	Pending	0%	0%	Wally Grabbe	Recommendation for software vendor delayed pending further evaluation of construction management software and other department document requirements. Evaluations are on-going, software recommendation delayed.
Facilities Projects						
51590	Water Age Analysis	Mission Consulting Services (Jen Mael)	10%	10%	Wally Grabbe	Collecting and organizing water meter usage data zone by zone for use in the evaluation. Evaluating and updating the computer model to evaluate reservoir low flow conditions. Purchased and installed new water, sewer and asset modeling software. Started conversion of the water system model to the new software.
Lower Moosa Canyon Water Reclamation Facility Projects						
53030	Moosa Wastewater O&M Manual Development	In-House	60%	60%	Fernando Carrillo	Staff is working with the Wastewater Operators on a rough Draft.

ENGINEERING DEPARTMENT

TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	October 2025 Comments
			Sept	Oct		
53290	Meadows Lift Station Motor Control Upgrade	Richard Brady & Associates (\$148,673)	35%	40%	Fernando Carrillo	Staff received 95% plans and specs. Staff is reviewing.
53200	Moosa Priority Project - Design	Richard Brady & Associates (\$600,291)	90%	91%	Fernando Carrillo	Staff received 95% plans and specs. Staff is reviewing.
53330	Moosa Clarifier No. 2 Upgrades	In-House Design Jennette Company, Inc.	100%	100%	Fernando Carrillo	Project is complete.
53550	Moosa Minor Upgrades		100%	100%	Fernando Carrillo	Chlorine Contact tank work is complete.
Woods Valley Ranch Water Reclamation Facility Expansion Projects						
56120	Woods Valley Ranch Wastewater Expansion Project Property Acquisitions	In-House	80%	80%	Wally Grabbe	North Village Lift Station site acquisition is pending resolution of Indian Creek Road ROW and County approval of VCVF Village Station site plan. No progress has been made by developer on the site plan approval process. Lift Station Site may move to a site north of Valley Center Road within the Indian Creek Development pending review of sewer study being prepared by Dexter Wilson Engineering.
56170	Woods Valley Golf Course Seasonal Storage	In-House	80%	80%	Fernando Carrillo	Staff continuing to work with San Pasqual Economic Development Corporation to develop additional seasonal storage facilities on the golf course. No Activity in October.
56260	Grinder Pump Flow Meter Installation	In-House	80%	80%	Fernando Carrillo	Staff is developing an RFQ for installation of the flow meters at various commercial properties that are connected to the South Village Low Pressure sewer collection system. No Activity in October.

ENGINEERING DEPARTMENT
TABLE III - CAPITAL FUNDED PROJECTS SUMMARY

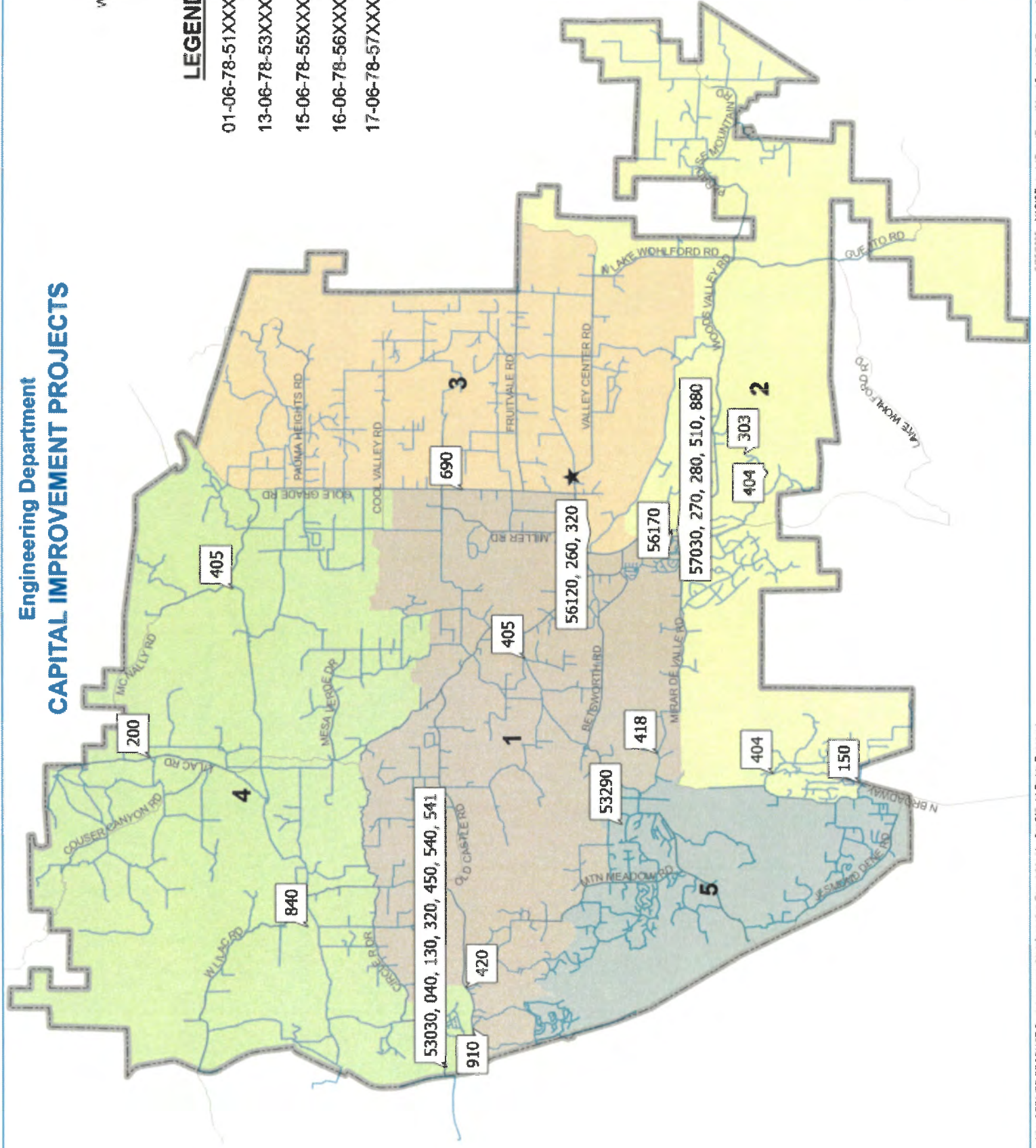
Acct. No.	Project Name	Contractor / Consultant	2025		Project Manager	October 2025 Comments
			Sept	Oct		
56320	North Village Lift Station Design	Kennedy/Jenks (Preliminary Design)	10%	10%	Fernando Carrillo	Preliminary design complete. Lift Station site requirements identified. Site acquisition pending county approval of Village Station (VCVP) development plans. No Activity in October.
Woods Valley Ranch Water Reclamation Facility Projects						
57030	WVR Wastewater O&M Manual Development	In-House	6%	6%	Fernando Carrillo	Engineering staff are producing drawings and attachments for the O&M Manual. Anticipated completion is March 2026.
57270	Aeration Piping Evaluation		0%	0%	Fernando Carrillo	Staff will evaluate pipe in Jan 2026.
27280	Rapid Thickener		0%	5%	Fernando Carrillo	Staff is still evaluating the results and will ask another manufacturer for a pilot test of their equipment.
57510	WVR WRF HMI Upgrade	Interface Automation	5%	5%	Wally Grabbe	WVR WRF HMI Upgrade is scheduled to start after the Water SCADA HMI Conversion Project is completed. Project is scheduled to start Fall 2025.
57880	Woods Valley Ranch WRF Waste Discharge Permit Requirements Salt Nutrient Management Plan (SNMP)	In-House	5%	5%	Wally Grabbe	Scheduled start delayed to December 2025.

Engineering Department



LEGEND

01-06-78-51XXX(XXX)
13-06-78-53XXX(53XXX)
15-06-78-55XXX(55XXX)
16-06-78-56XXX(56XXX)
17-06-78-57XXX(57XXX)



F. MAPPING:

General Activity: In the month of October, staff received mapping update requests for a total of 19, and 24 were completed. In addition, staff assisted with the Gordon Hill Upper Pipeline and Old Castle Phase 2 project drawings.

MAPS AND RECORDS UPDATE STATUS TABLE					
October	Capital Improvement Projects ⁽¹⁾	Developer Projects ⁽²⁾	Encroachment Permits ⁽³⁾	Special Projects ⁽⁴⁾	Facility Mapping ⁽⁵⁾
Beginning Log	2	0	0	0	63
Plus New	0	0	0	0	19
Less Completed	(1)	0	0	0	(24)
Ending Log	1	0	0	0	58

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.

Maps and Records Update Status Table Footnotes:

- 1) Capital Improvement Projects – This column represents AutoCAD record drawing status of recently constructed Capital Improvement Projects. Each project may generate or affect one or more record drawings. Each project is counted as one regardless of the number of improvement sheets.
- 2) Developer Projects – This column represents AutoCAD record drawing status of recently constructed Developer Improvement Projects. Each project may generate or affect one or more record drawings. Each project is counted as one regardless of the number of improvement sheets.
- 3) Encroachment Permits – This column represents changes made to existing AutoCAD record drawings to reflect an encroachment that has been generated through the permit process.
- 4) Special Projects – This column represents AutoCAD record drawing status of recently constructed Special Projects such as the installation of new fire hydrants or service laterals.
- 5) Facility Mapping – This column represents individual minor mapping update requests from field or office staff.

G. FUNDING REQUESTS:

Drinking Water State Revolving Fund Loan (DWSRF) Application – 2020 Pipeline Replacement Project. This DWSRF Loan provides funding for Four pipeline replacement projects, Gordon Hill, Oat Hill, Lilac Road, and Alps Way. Loan approval in the amount of \$8.5M was received in March '22. Staff has submitted **nine** disbursement requests for construction funding, the most recent being **Disbursement No. 9&Final (\$159K)** submitted in **October 2025**, for expenses through June 30, 2025, and amounts that were not previously approved. **Funding for Disbursement No. 8 (\$121K) was received on June 5, 2025.** On average, it takes **140** days from disbursement submittal to receipt of the SRF loan proceeds. To date, the SWRCB has disbursed **\$7.963M** in loan proceeds.

EPA Community Grant. In April '23, VCMWD was awarded a \$3.06M Community Grant for the Lilac Road Pipeline Replacement Project. Because the Lilac Road project was already under construction, the EPA approved a “Technical Correction” to shift the grant funding from the Lilac Road Pipeline Replacement Project to the Rodriguez Road Pipeline Replacement Project.

In April '24, VCMWD was awarded a \$715K Community Grant for the Old Castle Road Pipeline Replacement Project. **A “Technical Correction” was approved to shift the \$3.06M grant funding from the Rodriguez Road Pipeline Replacement Project to the Old Castle Road Pipeline Replacement Project for a combined total of \$3,775M.**

EPA staff is completing their final review of the application and NEPA certifications needed for final approval of the application

Drinking Water State Revolving Fund Loan (DWSRF) Application – 2023 Water Facility Replacement Project. Staff prepared and submitted in November '23 a \$9.3M application (\$12.36M total, less the \$3.06M in grant funding) to the SWRCB for funding the following three projects: a) Old Castle Road Pipeline Replacement, b) Broadway South Pipeline Replacement, and c) Rodriguez Road Pipeline Replacement. Due to anticipated cash flow requirements during construction, staff reduced the loan request to a \$5.525M application to include only the Old Castle project in combination with the \$3.775M for a total project cost of \$9.3M. The application was completed in December, and the SWRCB staff is reviewing the submitted documents for issuance of the loan approval. **The project was included in the FY 25-26 DWSRF Intended Use Plan. Staff received the Installment Sale Agreement from the SWRCB in October '25 for VCMWD Board approval in November 2025.**

Drinking Water State Revolving Fund Loan (DWSRF) Application – North Broadway Pipeline Relocation Project. In December 2024, Staff prepared and submitted a \$4.3M application for the North Broadway Pipeline Relocation Project. This was one of the projects eliminated from the 2023 Water Facility Replacement Project for cash flow purposes. **The project was included in the FY 25-26 DWSRF Intended Use Plan. Staff is responding to miscellaneous questions as the SWRCB staff completes their review. Approval of the application is anticipated in Spring 2026, with loan documents provided for VCMWD Board approval by Summer 2026.**

H. SEMINARS/MEETINGS:

No meetings attended in October 2025.

IV. FINANCE DEPARTMENT:

A. COMPARISON OF STATISTICS:

	<u>OCT 2025</u>	<u>FY to Date 2025-26</u>	<u>FY to Date 2024-25</u>
<u>BILLS MAILED:</u>	10,550	42,163	42,043
<i>Actions for Non-Payment:</i>			
Notices Mailed	1,385	5,404	5,152
48 Hr. Phone Calls	619	2,283	2,022
Meters Flow Restricted	3	8	28
Accounts Liened	2	5	38
Lien Notices Mailed	16	29	90
Accounts Transferred	52	162	169
 <u>CUSTOMER COUNTS:</u>	 <u>OCT 2025</u>	 <u>OCT 2024</u>	 <u>OCT 2023</u>
Active Water Accounts:			
Certified Ag - PSAWR	624	635	634
M & I	9,191	9,171	9,139
Fire Meters	<u>2,040</u>	<u>2,015</u>	<u>1,983</u>
<i>Total Active Accounts</i>	<i>11,855</i>	<i>11,821</i>	<i>11,756</i>
 Inactive Water Accounts:			
PSAWR	57	50	49
M & I	723	722	718
Fire Meters	<u>161</u>	<u>150</u>	<u>141</u>
<i>Total Inactive Accounts</i>	<i>941</i>	<i>922</i>	<i>908</i>
 Total Water Accounts	<u>12,796</u>	<u>12,743</u>	<u>12,664</u>
 Active Wastewater Accounts			
Moosa	2,476	2,472	2,472
Woods Valley	<u>980.0</u>	<u>973.0</u>	<u>958.0</u>
 Total Wastewater Accounts	<u>3,456.0</u>	<u>3,445.0</u>	<u>3,430.0</u>
		<u>Acre-Feet</u>	<u>Value</u>
Interim MWD Agricultural Program:			
JULY 1994 through DEC 2012		<u>513,882.8</u>	\$63,681,802
MWD RTS Estimated Savings:			
JAN 2003 through DEC 2012			\$17,884,325
SDCWA PSAWR:			
JULY 1998 through OCT 2025		<u>503,927.4</u>	38,693,227
SDCWA Emergency Storage Est. Savings:			
JAN 2003 through OCT 2025			37,971,168
SDCWA Supply Reliability Est. Savings:			
JAN 2016 through OCT 2025			\$ 6,882,170
TOTAL MWD & SDCWA DISCOUNTS:			<u>\$165,112,692</u>

B. MEETINGS:

10/1/2025 - Jim attended the SDCWA Long Range Financial Plan Workshop #3.

10/13/2025 – 10/15/2025 - Stephanie attended the CalPERS Educational Forum in Palm Desert, CA.

V. INFORMATION TECHNOLOGY DEPARTMENT:

A. CAPITAL IMPROVEMENT PROJECTS –

SCADA HMI Improvements – Replacement of the HMI system for the water system is in progress of being initially deployed to North County Emergency Storage Project (NCESP) sites and then expanded to other sites in the future. Both Halcones and Muutama sites are now online on the wide-area network. HMI software upgrade is also being planned for Woods Valley WTP. Staff is currently developing updated SCADA standards and templates in conjunction with the contractor.

SCADA Infrastructure Upgrades – This project will replace the SCADA virtual host servers with new hardware, storage, and operating systems. Firewalls and security appliances will also be replaced with up-to-date hardware. The project is currently in RFQ stage.

Asset Management System – Cityworks development and deployment is continuing, which includes fleet maintenance, equipment/tools, storeroom modules, and integration with GIS and ERP systems. Various reports and dashboards for water operations are being developed and improved. Staff is evaluating possible migration to a cloud-based system.

Boardroom Technology Upgrade – The existing video technology in the board room is being replaced with a new high definition media system. The new system will allow presenting to multiple displays simultaneously and include high definition video streaming capability. High Definition HDMI wiring upgrade has been completed, and the system is currently being configured.

Office Productivity Software – This project will upgrade all District computers to a new Microsoft Office productivity software. Staff is currently evaluating whether to continue with perpetual license version, or go with a subscription-based licensing model.

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 and actively used by District personnel.

Video Surveillance System Upgrades – Staff is continuing to enhance 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 in the next few years, staff installed an analog gateway device that connects the analog lines to District's VoIP phone system. All remaining analog circuits will be switched to digital by the end of FY 2025/26.

C. SYSTEM STATUS –

All systems operated normally in October 2025.

D. MEETINGS –

No meetings attended in October 2025.

INFORMATION TECHNOLOGY DEPARTMENT CAPITAL FUNDED PROJECTS SUMMARY

Project No.	Name	F.Y. Authorized	Total Budget	Contracts			Comments	Project Manager/ Coordinator
				Contractor / Consultant	% Complete 2025 Sept	2025 Oct		
51040	Boardroom Technology Upgrade	16-17	\$ 32,135	In-house	99%	99%	Project will upgrade 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. The system is currently being configured.	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 depending on future software update.	Ando Pilve
51720	Office Productivity Software	25-26	\$ 33,000	In-house	5	10%	This project will purchase and deploy new licenses of up-to-date version of Microsoft Office productivity software for all employees. Currently acquiring quotes and configuration information.	Ando Pilve
51240	SCADA Infrastructure Upgrades	25-26	\$ 65,000	In-house	n/a	5%	This project will replace the servers with new server hardware, new data storage, and with up-to-date operating systems. The firewalls and security appliances at these locations will be replaced with up-to-date hardware running the latest security software suites and have increased performance. Currently acquiring quotes and configuration information.	Ando Pilve

VI. GENERAL ADMINISTRATION PROJECTS AND PROGRAMS:

A. General Administration Meetings and Activities for Month of October 2025:

- 10/02/25 – Director Baker Orientation and Tour (GA);
- 10/03/25 – UWMP Consultant Selection Meeting (GA & AN);
Native Oaks Recycled Water Agreement Meeting with SPEDC (GA);
- 10/06/25 – SDCWA Joint Public Information/Conservation Coordinators (JPIC) Meeting (AN);
- 10/07/25 – VCMWD Agenda Meeting (GA & AN);
SDCWA MWD Delegates Meeting (GA);
- 10/08/25 – Lake Wohlford Resort Annexation Coordination Call (GA);
- 10/09/25 – SDCWA Special Board Meeting (GA);
SDC Farm Bureau Farmer of the Year Dinner (GA & AN);
- 10/14/25 – SD County Farm Bureau Water Team (GA);
- 10/16/25 – Regional Services Joint Lobbying Call (GA & AN);
Department of Water Resources (DWR) Water Loss Webinar (AN);
- 10/20/25 – SDCWA General Manager's Meeting (GA);
VCMWD Regular Board Meeting (GA & AN);
- 10/21/25 – SDCWA Admin & Fin Committee Pre-Board Meeting (GA);
- 10/22/25 – SDCWA North County Caucus (GA);
VCMWD Staff Water Loss Audit Review Meeting (AN);
- 10/23/25 – SDCWA Regular Board Meeting (GA);
- 10/25/25 – Oliver Smith's Celebration of Life Service (GA);
- 10/27/25 – SDCWA Water Agency Emergency Collaborative (WAEC) Regional Communications System Meeting (AN);
- 10/28/25 – VCMWD All Hands Staff Meeting (GA & AN);
- 10/29/25 – SDCWA GM's Business Model Meeting (GA);
CalOES San Diego County Regional Fuel Planning Workshop (AN);
- 10/30/25 – SWRCB Urban Water Use Objective Reporting Webinar (AN);
- 10/31/25 – VCMWD CII Classification Implementation Meeting (AN).

*Key: GA – Gary Arant; AN – Alisa Nichols

B. Personnel –

1) Regular Full-Time Employees, as of August 31, 2025:

<u>Funds</u>	<u>Budgeted</u>	<u>Employed</u>
Water	67	64
Wastewater	<u>7</u>	<u>7</u>
Total	74	71

2) Pending Retirements –


- a) Gary Arant – December 26, 2025
- b) Wally Grabbe – February 25, 2026

Compiled By:



Coral L. Williams, Acting Board Secretary

Submitted By:



Lindsay Leahy, General Manager