

**VALLEY CENTER MUNICIPAL WATER DISTRICT
MINUTES**

Regular Meeting of the Board of Directors

Monday, March 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, Holtz, Smith, Ness, and Stehly.*

Board Members Absent: *None.*

Staff Members Present: *General Manager Arant, District Engineer Grabbe, Director of IT Pilve, Director of Finance & Administration Pugh, Director of Operations and Facilities Lovelady, Manager of Accounting/Deputy Director of Finance & Administration Velasquez; Engineering Services Supervisor Nikrasch, Executive Assistant/Board Secretary Peraino, and General Counsel de Sousa present in-person.*

PUBLIC COMMENT(S)

President Ferro established for the record the process by which public comments are received by the Board; this process was also described in the Agenda for the meeting.

CONSENT CALENDAR ITEMS

Consent calendar items will be voted on together by a single motion unless separate action is requested by a Board member, staff or member of the audience.

1. **Minutes of the Regular Board Meeting Held Tuesday, February 18, 2025;**
2. **Audit Demands for Check Nos. 171040 – 171234 from February 7 – March 6, 2025 and Wire Disbursements for the Month Ending February 28, 2025;**
3. **Treasurer's Report for Month Ending January 31, 2025;**
4. **Adoption of Resolution No. 2025-06 to Affirm the District's Authorized Debt Limit per Ordinance No. 171, Effective January 1, 2025;**
5. **Adoption of Resolution No. 2025-07 Setting Public Hearing Date for Water Availability Charges; and**
6. **Adoption of Resolution No. 2025-08 Concurring in the Nomination of Melody McDonald, for Re-Election to the ACWA-JPIA Executive Committee.**

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

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ACTION ITEM(S)

7. Adoption of Resolution No. 2025-09 Approving the District's Statement of Investment Policy and Renewing the Authority Delegated to the Treasurer:

Director of Finance and Administration Pugh facilitated a review of the District's investment policy (as required by the Government Code Section 53646(a)(2) and the District's Administrative Code §50.1(j)), as well as a review of the investment authority delegated to the Treasurer (as required by Government Code §53607 and the District's Administrative Code §40.6). Both of which must be reconfirmed annually by the Board. The District's Investment Policy has three objectives:

1. Safety: To preserve capital, limit investments to the types of securities authorized, and diversify the investment portfolio;
2. Liquidity: Maintain sufficient liquidity to meet the District's cash flow requirements; and
3. Yield: Attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

Mr. Pugh briefly reviewed the performance measurement goal – 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%, compared to the 12-month rolling average on U.S. Treasury Bonds of 4.693%. The District's rate of return is 0.316 basis points or 6.73% below the benchmark.

Staff recommended the Board adopt Resolution No. 2025-09 approving the District's Statement of Investment Policy and renew the authority delegated to the Treasurer to invest and reinvest District funds.

Action: Upon motion by Holtz, seconded by Stehly; and carried with five (5) affirmative votes, the following Resolution was approved.

RESOLUTION NO. 2025-09

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING THE STATEMENT OF INVESTMENT POLICY AND
RENEWING THE DELEGATION OF INVESTMENT AUTHORITY
TO THE TREASURER**

was adopted by the following vote, to wit:

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

8. Concept Approval for the Rimrock Unit 3 Development Project:

Action: Agenda item pulled.

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INFORMATIONAL ITEM(S)

9. Closeout Report for the McNally and Mizpah Reservoir Paint and Recoating Project:

The Closeout Report for the McNally and Mizpah Reservoir Paint and Recoating Project ("Project") was provided by Engineering Services Supervisor Jeson Nikrasch. Project background, details, and pictures were presented. The McNally Reservoir is a 90-foot diameter by 43-foot tall 2 million-gallon above-ground welded steel potable water reservoir, constructed in 1956. Mizpah Reservoir is a 71-foot diameter by 35-foot tall 1 million-gallon above-ground welded steel potable water reservoir, constructed in 1967. Both reservoirs were last recoated in 2007.

The Engineer's estimate at the time of bid was \$2,300,000. Capital Industrial Coatings (CIC), LLC, was qualified as the lowest responsive and responsible bidder for the low bid amount of \$2,044,245, the next second lowest bidder came in at \$2,342,227. The Notice of Award was issued on November 6, 2023, and the Notice to Proceed was issued on January 8, 2024.

District staff issued three (3) change orders, totaling a net increase of \$25,872 and 145 additional calendar days for a total of 305 calendar days (original contract completion was 160 days). The Notice of Completion was issued on October 14, 2025, for a total construction duration of 280 calendar days. The final construction cost for the project at \$2,070,177.

Funding for the project was originally established in the FY 2023-24 Annual Budget in the amount of \$2,250,000. A mid-year adjustment was made increasing the project budget to \$2,400,000 when the project was awarded later in the fiscal year. The project was completed under budget, allowing \$85,000 to be transferred to the Old Castle Phase 2 Pipeline Replacement Project and \$105,000 to be transferred to the North Broadway Pipeline Relocation Project, leaving \$713 to be recaptured for other capital projects.

Action: Informational item only, no action required.

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

A report on the SDCWA's Board of Directors' Meeting of February 27, 2025 was provided.

Action: Informational item only, no action required.

11. General Information:

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

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S ITEM(S)

None.

BOARD OF DIRECTORS' AB1234 REPORTS ON MEETINGS ATTENDED

Director Smith reported on his virtual attendance at the ACWA Quarterly Policy Committee Meeting on March 13, 2025.

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CLOSED SESSION ITEM(S)

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

12. A Closed Session was called by President Ferro at 2:39 PM pursuant to the following two items:

Government Code §54957 – Public Employee Performance Evaluation:

Unrepresented Employee: General Manager

Government Code §54957.6 – Conference with Labor Negotiators:

Agency Designated Representatives: Board of Directors

Unrepresented Employee: General Manager

RECONVENE

Action: The Board came out of closed session at 3:31 PM with no reportable action.

13. Approval of General Manager's Amended Employment Agreement and Adoption of Ordinance No. 2025-01 Amending Administrative Code Section 8.9 to Reflect Adjustment to the General Manager's Compensation:

Prior to taking final action on an executive's compensation, an oral report summarizing the recommended action must be made in open session per the Brown Act. General Counsel de Sousa reported that the Board had conducted its annual performance evaluation and compensation review of the General Manager. Based upon the discussions and completion of successful negotiations, an amended Employment Agreement to be effective retroactively to January 1, 2025, increasing the General Manager's annual compensation by 4.6%, from \$266,190.70 to \$278,435.48, along with a performance bonus of \$17,500 to be awarded March 17, 2025, was presented for approval.

Action: Upon motion by Smith, seconded by Ness; motion to approve the following Ordinance passed unanimously:

ORDINANCE NO. 2025-01

**ORDINANCE OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE TO
PROVIDE FOR CHANGES IN THE AMENDED
AGREEMENT FOR THE GENERAL MANAGER**

Was adopted by the following vote, to wit:

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

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ADJOURNMENT

Action: Upon motion by Smith, seconded by Ness; motion passed with five (5) affirmative votes, the regular meeting of the Board of Directors was adjourned at 3:33 PM.

ATTEST:

ATTEST:

Kirsten N. Peraino, *Secretary*

Enrico P. Ferro, *President*

Approved at a regularly scheduled Board Meeting on Monday, April 21, 2025