

VALLEY CENTER MUNICIPAL WATER DISTRICT
AGENDA

Regular Meeting of the Board of Directors
Monday, May 19, 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.

CALL TO ORDER

ROLL CALL

Valley Center Municipal Water District
Board of Directors' Meeting Agenda

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).

SPECIAL ACTION REQUIRED

1. **Reconsider the Action the Board Took at its January 17, 2023 Board Meeting Regarding Virtual Participation Under the “Relaxed” Teleconferencing Requirements.**

SPECIAL ACKNOWLEDGEMENT

2. **Announcement of the 34th Annual Water Awareness Poster Contest Winners and Virtual Award Presentation for First, Second, and Third Places.**

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.

3. **Minutes of the Regular Board Meeting Held Monday, May 5, 2025; and**
4. **Audit Demands and Wire Disbursements.**

PUBLIC HEARING ITEM(S)

It is not necessary to notify the Board Secretary if a member of the public wishes to speak on items listed on the agenda as public hearings. Public hearings will begin at the time stated in the notice, or as soon thereafter as the matter can be heard. Opportunities for the public to address the Board will be given after the President opens the hearing.

5. **Public Hearing to Consider Adoption of Ordinance No. 2025-03 to Approve Proposed Revisions to Miscellaneous Water Fees and Charges for FY 2025-26 and Amending the District’s Administrative Code:**

A public hearing will be held to receive input on the District’s proposed revisions to Miscellaneous Water Fees and Charges (effective July 1, 2025). Upon conclusion of the public comments and discussion, adoption of said charge will be considered.

- a. Open Public Hearing
- b. Report by District Engineer
- c. Audience comments/questions
- d. Close Public Hearing
- e. Questions/Discussion
- f. If desired, motion to approve or deny Ordinance No. 2025-03

ACTION ITEM(S)

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

A review of proposed revisions to the Meter Capacity Charges (along with related administrative code amendments), and a request to set public hearing date to consider approval of new charges.

- a. Report by District Engineer
- b. Discussion
- c. Audience comments/questions
- d. If desired, authorize staff to set public hearing date

7. Review of Proposed Changes to the General Manager Salary Range and Request Adoption of Ordinance No. 2025-04 to Amend the District's Administrative Code:

A review of proposed revisions to the General Manager Salary Range and a request to adopt Ordinance No. 2025-04 to Amend the District's Administrative Code.

- a. Report by Director of Finance and Administration
- b. Discussion
- c. Audience comments/questions
- d. If desired, motion to approve or deny Ordinance No. 2025-04

INFORMATION / POSSIBLE ACTION ITEM(S)

8. Review of Water Rate Sensitivity to Variations of Water Sales for the FY 2025-26 Budget:

A review of the water rate sensitivity to variations of water sales for the FY 2025-26 Budget.

- a. Report by Director of Finance and Administration
- b. Discussion
- c. Audience comments/questions
- d. Informational item only, no action required

9. Review of Proposed Fixed Charges for the FY 2025-26 Budget – SDCWA Fixed Transportation Charge and Water Capital Improvement Charge:

A review of proposed fixed charges for the FY 2025-26 Budget.

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

10. 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' 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(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).

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 Kirsten Peraino, *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** —

May 19, 2025

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, *General Manager*

SUBJECT: RECONSIDER ACTION THE BOARD TOOK AT ITS JANUARY 17, 2023 BOARD MEETING REGARDING VIRTUAL/REMOTE PARTICIPATION UNDER THE NEW “RELAXED” TELECONFERENCING REQUIREMENTS

PURPOSE:

To reconsider the action taken at the January 17, 2023 Board Meeting, and make a motion to permit virtual/remote participation under the new “relaxed” teleconferencing requirements, pursuant to Assembly Bill 2449 (“AB 2449”) – Open Meetings: Local Agencies: Teleconferences.

SUMMARY:

The topic of virtual attendance at Board meetings was last discussed by the Board at its regular meeting on January 17, 2023. At that time, staff provided an overview of the legal methods available under the Brown Act for remote participation, including the provisions outlined in AB 2449. The discussion focused on the applicability of these options to the District and the feasibility of implementing a hybrid meeting model. Following discussion, the Board reached a consensus that the District would continue to operate as an in-person Board.

This item has been reintroduced to the agenda at the request of Board members to reassess available options and determine whether there is consensus to make changes.

In 2023, AB 2449 established a new option for teleconferencing under the Brown Act, which governs open meetings of public agencies in California. Specifically, AB 2449 provides alternative Brown Act meeting procedures, allowing Directors to participate remotely under certain circumstances, such as “just cause” or “emergency circumstances”. It allows members to participate remotely if a quorum of the legislative body is present in person, provided they provide prompt notice and their reason for remote participation falls under one of the statutorily defined exceptions. Subsequent laws, AB 259 and AB 2302, made minor changes to the teleconferencing provisions established by AB 2449.

AB 2449 defines the two specific conditions in which a Director may request to participate virtually:

(1) for “just cause”:

- There is a childcare or caregiving need (for a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner) that requires the Director to participate remotely.
- A contagious illness prevents the Director from attending the meeting in person.
- There is a need related to a defined physical or mental disability that is not otherwise accommodated for.
- Traveling while on official business of the legislative body or another state or local agency.

(2) due to “emergency circumstances”:

- “A physical or family medical emergency that prevents a Director from attending the meeting in person.” *Note: a Director is not required to disclose any medical diagnosis or disability, or any personal medical information that is already exempt from existing law.*

In addition, AB 2449 imposes the following three (3) additional requirements on legislative body members seeking to appear remotely at public meetings:

1. The Director (1) must notify the Board at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances; or (2) request the Board allow them to participate in the meeting remotely due to emergency circumstances and Board takes action to approve the request.
2. The Director shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member’s relationship with any such individuals.
3. The member shall participate through both audio and visual technology.

AB 2302 clarifies that remote participation by a member of a local agency legislative body is allowed only if the remote participation does not exceed:

- 1) Two meetings per year, if the legislative body regularly meets once per month or less;
- 2) Five meetings per year if the legislative body regularly meets twice per month; and
- 3) Seven meetings per year, if the legislative body regularly meets three or more times per month.

Please note, however, that participation under the “just cause” provision is limited to two (2) meetings per calendar year despite the above overall limits.

Should the Board decide to permit virtual/remote attendance for individual Board Members, pursuant to AB 2449, and reconsider the decision made at the January 17, 2023 Board Meeting, an additional action is required. This involves a Director formally requesting to attend virtually.

RECOMMENDATION:

Staff recommends that the Board reconsider the action taken at the January 17, 2023 Board Meeting, and make a motion to permit virtual/remote participation under the new “relaxed” teleconferencing requirements, pursuant to AB 2449.

PREPARED BY:



Kirsten Peraino
Board Secretary

SUBMITTED BY:



Gary Arant
General Manager

Attachments: Assembly Bill 2449, Chapter 285

Assembly Bill No. 2449

CHAPTER 285

An act to amend, repeal, and add Sections 54953 and 54954.2 of the Government Code, relating to local government.

[Approved by Governor September 13, 2022. Filed with
Secretary of State September 13, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2449, Blanca Rubio. Open meetings: local agencies: teleconferences.

Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act generally requires posting an agenda at least 72 hours before a regular meeting that contains a brief general description of each item of business to be transacted or discussed at the meeting, and prohibits any action or discussion from being undertaken on any item not appearing on the posted agenda. The act authorizes a legislative body to take action on items of business not appearing on the posted agenda under specified conditions. The act contains specified provisions regarding providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health.

This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception,

the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body, as prescribed. The bill, until January 1, 2026, would authorize a legislative body to consider and take action on a request from a member to participate in a meeting remotely due to emergency circumstances if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The bill would define terms for purposes of these teleconferencing provisions.

This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The people of the State of California do enact as follows:

SECTION 1. Section 54953 of the Government Code, as amended by Section 3 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(B) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(C) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(D) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(E) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) This subdivision shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(f) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency

exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear

remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(g) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(h) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(i) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(j) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (g).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (f), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “State of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(6) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(7) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(8) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(9) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(k) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 2. Section 54953 of the Government Code, as added by Section 4 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding

shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows

any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(f) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(g) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(h) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(i) For the purposes of this section, the following definitions shall apply:

(1) “Emergency circumstances” means a physical or family medical emergency that prevents a member from attending in person.

(2) “Just cause” means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (f).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (e), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(6) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(7) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(8) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(j) This section shall become operative January 1, 2024, shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 3. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2026.

SEC. 4. Section 54954.2 of the Government Code is amended to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the

regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to

the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(4) To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to Section 54953, if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 5. Section 54954.2 is added to the Government Code, to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency’s Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are

also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall become operative January 1, 2026.

SEC. 6. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, impose a limitation on the public’s right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member’s private home or hospital room, this act protects the personal, private information of public officials and their families while preserving the public’s right to access information concerning the conduct of the people’s business.

SEC. 7. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings.

May 19, 2025

TO: Honorable President and Board of Directors
FROM: Gary T. Arant, *General Manager*
SUBJECT: WATER AWARENESS POSTER CONTEST – 2024-25 SCHOOL YEAR

PURPOSE:

Virtual presentation of awards and certificates to the top winners of the District's 34th Annual Fourth Grade Water Awareness Poster Contest.

SUMMARY:

Fourth graders of the Valley Center Elementary and Lilac Elementary Schools participated in this year's poster contest in which the theme was "Love Water, Save Water". Posters received illustrated the importance of water for all living things and that it's vital to protect water. The 2026 North County Water Agencies calendar will include the artwork of the top winners of the poster contest.

District staff received seventy two (72) entries in total from fourth grade students at Lilac Elementary and Valley Center Elementary. The following students were chosen as the top winners of the poster contest and have been invited to attend the Board Meeting, virtually, for special recognition. All other participants in the contest received their original artwork and a Certificate of Appreciation from the District.

1st Place: **Cassandra Lefevre** – Ms. Reneé, Lilac Elementary
"I love water because water provides life to everyone on our earth. Water is an essential treasure."

2nd Place: **Arden Calderon** – Mrs. King, Valley Center Elementary
"I love water because it keeps me alive and Mother Earth works hard to provide clean water."

3rd Place: **Kaimani Morgan** – Ms. Reneé, Lilac Elementary
"I love water because it helps us survive and stay clean."

RECOMMENDATIONS:

Virtually recognize the District's top winners in the 34th annual Fourth Grade Water Awareness Poster Contest, "Love Water, Save Water".

PREPARED BY:



Kirsten Peraino
Board Secretary

SUBMITTED BY:



Gary Arant
General Manager

Attachment: *Top 3 Poster Entries*



LOVE WATER



You should never waste water because work has to be done to produce clean drinking water. So, whenever you drink clean water make sure to cherish it!

"Low Water
Save Water"



**VALLEY CENTER MUNICIPAL WATER DISTRICT
MINUTES**

Regular Meeting of the Board of Directors
Monday, May 5, 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, Ness, and Stehly.

Board Members Absent: *Director* Smith.

Staff Members Present: *General Manager* Arant, *District Engineer* Grabbe, *Director of IT* Pilve, *Director of Operations and Facilities* Lovelady, *Manager of Accounting/Deputy Director of Finance & Administration* Velasquez; *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 Monday, April 21, 2025;**
2. **Audit Demands for Check Nos. 171460 – 171553 from April 11–25, 2025;**
3. **Treasurer's Report for Month Ending March 31, 2025 and the Financial Statements for the Quarter Ended March 31, 2025;** and
4. **Approval of Resolution No. 2025-12, Adopting 2025 Revisions to Local Guidelines for Implementing the California Environmental Quality Act (CEQA).**

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

INFORMATION ITEM / POSSIBLE ACTION ITEM(S)

5. **Budget Assumptions and Projections – Fiscal Year 2025-26:**

To keep the Board apprised of what to anticipate in the proposed Fiscal Year ("FY") 2025-26 Budget, Manager of Accounting Velasquez gave an overview of major assumptions, capital projects, and modifications to the budgeting process approach. It was noted that the District's wholesale water provider – the San Diego County Water Authority (SDCWA) – has yet to provide specific details regarding the proposed rate increases for Calendar Year ("CY") 2026. They have, however, provided notice that the rate increase will likely be in the double digits and are considering 12%-15%. When SDCWA staff make available additional details, those figures will be updated and factored into the budget.

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

WATER

The District relies on the San Diego County Water Authority (SDCWA) as its sole source provider for treated potable water. The SDCWA imports water through the Metropolitan Water District of Southern California (MWD) system and its own aqueduct, storage, and treatment system. Ms. Velasquez gave an overview of the following costs associated with imported water:

Imported Wholesale Fixed Costs – The District’s average price per acre foot is impacted by the SDCWA Wholesale Imported Fixed Costs, costs the District must pay regardless of the volume of water purchased. These fixed components’ capacity and readiness-to-serve charges from Metropolitan Water District (MWD) and the customer service, emergency storage, supply reliability, and fixed transportation charges, all of which are paid directly to SDCWA.

For CY 2025 rates, the SDCWA collected 40% of its Transportation Costs as a fixed charge to their member agencies. As a result, VCMWD was billed \$1,450,000 in Fixed Transportation Charges. The SDCWA intends to continue this charge for the CY 2026, but it will be based on having 50% of their transportation rate fixed rather than 40%. This will raise the charge to VCMWD by at least \$360,000, to a total of \$1,812,500. Aside from that, the SDCWA has not provided specific information regarding the proposed fixed charges for CY 2026.

The District began collecting the MWD Fixed Charge Passthroughs for capacity and readiness-to-serve as a fixed charge on the customer water bills effective Jan. 1, 2025. The current MWD Fixed Charges are set up to recover 100% of the \$1,081,000 that will be billed to the District in CY 2025.

At the April 21, 2025 Board Meeting, the Board requested staff develop a proposal for the FY 2025-26 budgeting and rate setting process to consider collecting the SDCWA, fixed portion, of the Transportation charge, fully as a fixed charge on the water bill, similar to the MWD Fixed Charge.

SDCWA Infrastructure Access Charge (IAC) – Annually, the SDCWA assesses the District a separate fixed charge based on the number and size of the active meters within the District. The charge to the District is passed through and collected from active customers. The current IAC charge for a ¾-inch meter is \$4.55 per month. The SDCWA has not provided any information regarding whether or not a rate increase to the IAC is proposed for CY 2026. As soon as information becomes available, updates to the Fiscal Year 2025-26 Budget will be made.

Agricultural Discount – Based on the current CY 2025 rate structure, VCMWD Permanent Special Agricultural Water Rate (PSAWR) customers pay a retail rate that is \$909, or 29% lower than their domestic counterparts. To summarize, the current PSAWR rate differential is comprised of:

- \$ 472 / AF avoided in paying the MWD supply rate and not paying the melded SDCWA melded supply rate; and
 - \$ 250 / AF avoided in not paying the SDCWA Storage Charge; and
 - \$ 187 / AF avoided in not paying the SDCWA Supply Reliability Charge.
-
- \$ 909 / AF

The PSAWR rate differential for CY 2026 will be developed as soon as information from SDCWA is made available regarding the rates and charges for CY 2026.

Wholesale Utility Costs Wholesale utility costs, including electricity and natural gas are estimated to increase 7% over the current year’s estimated actual. The Pumping Rate Reserve was depleted in FY 2016-17. For several years after that, energy costs had exceeded pumping revenues at

Valley Center Municipal Water District Board of Directors' Meeting Minutes

a rate higher than the District could or was willing to raise rates. In FY 2023-24, the Board approved a 5-year plan to close the gap, with the ultimate goal of having pumping revenues cover the total utility costs.

LOCAL OPERATING EXPENSES

Total Local Operating Expenses, excluding Source of Supply, are budgeted at a total of \$16.8M compared to \$15.5M for the current FY, a net increase of \$1.3M or 8% year-over-year. Ms. Velasquez provided a review of the District's local operating expenses, separated by department, and by type of cost. In addition to being categorized by Department the District's local operating costs are also categorized by type of cost, stated Ms. Velasquez. Direct expenses are variable costs that change based on the volume of water sold or the number of new meters installed (i.e., pump station maintenance, meter installation costs, system operation, quality control, and chlorine).

Local Direct Costs are estimated at \$2.3M (no changes from prior FY).

Local Indirect Costs are fixed costs and represent the costs that must be incurred regardless of how much water the District sells (i.e., labor and benefits, insurance, legal, regulatory permits, training and education, maintenance of facilities, and software support). Local Indirect Costs are estimated at \$14.5M, an estimated increase of 9.8%, or \$1.3M, compared to the prior FY. A summary of personnel-related expenses was also provided.

WATER SALES

For the current FY, it is projected that the District will sell 13,800 acre feet of water, which is 6.2% over the budgeted 13,000 acre feet. The last time the District recorded water sales that low was in FY 1968-69, with a total of 11,416 acre feet. The increase in water sales compared to budget is due to drier weather conditions in the first half of the year. As a result, agricultural sales were higher than expected. For FY 2025-26, staff feels reducing the estimated sales to 12,500 acre feet would be prudent and reflective of the gradual decline of agricultural land in production.

Recovering SDCWA Fixed Charges –

The wholesale fixed costs from SDCWA are included as a cost component in the Imported Water Costs above. The district calculated the per-acre-foot equivalent of the wholesale fixed charges that the District must pay to SDCWA by dividing the total charges by projected sales, less a 10% reserve for sales levels under budgeted amounts. For the FY ending 2025, budgeted sales are estimated at 12,500 acre feet, and the fixed charges totaling \$5,801,200 are allocated over 11,250 acre feet.

Similar to how MWD Fixed Charges are recovered, an alternative approach is to include the SDCWA Fixed charges on the water bill as a fixed charge. Included in the preliminary budget is a 15% increase, across the board, to the SDCWA Fixed Charges, as that is the most recent information the District has. Staff proposes to start with the Transportation Fixed Charge of \$1.8M. The first year of implementation would be a transition year, as any proposed fixed charge would not go into effect until February 2026, 7 months into the new fiscal year. Consequently, the first 7 months, or \$902,600, of SDCWA Fixed Transportation Charges in FY 2025-26 still need to be collected through the wholesale commodity rate. The last 5 months, or \$865,000, would be collected with a proposed fixed charge, based on meter size. Below is a chart showing the proposed SDCWA Transportation Fixed Charge Passthrough, with 100% full recovery.

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

Proposed monthly SDCWA Transportation Fixed Charge Passthrough

Meter Size	Current	Proposed
¾"	\$ 0	\$ 14.25
1"	\$ 0	\$ 19.00
1.5"	\$ 0	\$ 28.50
2"	\$ 0	\$ 38.00
3"	\$ 0	\$ 57.00
4"	\$ 0	\$ 76.00
6"	\$ 0	\$114.00
8"	\$ 0	\$152.00

In the first year of implementation, it will generate an estimated \$865,000. Annually, this charge will generate an estimated \$2,080,000. This will set the rate up to recover the SDCWA Fixed Transportation Charge, estimated at \$2,080,000 for Calendar Year 2025, fully through a fixed charge on the water bill beginning in year 2. The effect it has on the water rate is a reduction of about \$185 per acre foot.

LOCAL WATER REVENUES

Current Board policy states that the District's local water rates and charges, which include but are not limited to the District's Local Commodity Charges and Monthly Meter Service Charge, be set so that revenue from these sources would fully cover the District's local operating costs, excluding wholesale water and power costs. Presently, the combination of the two revenues is not sufficient to fully cover the District's local operating costs. As a result, other non-operating revenues, including investment income, lease revenues, and delinquent penalties, make up the difference.

Local Commodity Rate –

The District's local commodity rate is proposed at \$321.17 per acre foot in the preliminary Budget for Fiscal Year 2025-26. This represents an increase of 9.8%, or \$28.66, over the current rate of \$292.51. This 9.8% increase would generate additional service charges of approximately \$358,250 over 12 months to free more of the property tax revenue for capital improvements or other uses as directed by the Board. Again, in the first year, it would be significantly less, as the rate would not be proposed to go into effect until February 2026.

The preliminary budget assumes 12,500 acre feet of sales and a 9.8% increase on both the local commodity charge and the monthly service charge. Under those assumptions, the District would recover 57% of all local indirect costs with the monthly service charge, 19% with the local commodity charge, and the remaining 24% would be covered with the other income mentioned previously (investment income, lease revenues, and delinquent penalties).

Pumping Rates – Included in the preliminary Budget for FY 2025-26 is a 17.3% increase to the pumping rates, as planned, with an effective date of January 1, 2026, concurrent with the wholesale increases. The combined 17.0% increase that went into effect on January 1, 2025, along with the proposed increase, will reduce the gap by an estimated \$673,000. This will reduce the deficit from the current year, \$(441,371) up to a surplus of \$232,300. Ms. Velasquez reminded that, in FY 2023-24, the Board approved a 5-year plan to close the gap in deficits by FY 2028-29. The plan requires a 17%-18% increase in the pumping rate for each of the 5 years.

Staff recommendation is to stay the course in FY 2025-26 with the 17.3% rate increase and continue to evaluate annually thereafter. If any excess or surplus actually exists at the end of the year, it will be set aside in the Pumping Rate Reserve for future years.

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

OTHER REVENUES

Secured Property Taxes are budgeted at \$3,568,000 for FY 2025-26, 2% more than the estimated actual for the current FY. The District will also receive \$564,000 in water availability charges. The revenues collected entirely from both sources will fund the proposed new Depreciation Expense and, ultimately, the capital program, unless otherwise directed by the Board.

Investment Income is budgeted at \$1,500,000 for FY 2025-26, 10% lower than the current year's estimated actual. The estimated rate of return is 3.75%. The current year's estimated average rate of return is 4.30%. On March 19, 2025, the Federal Reserve decided to maintain the target range for the Federal Funds Rate at 4-¼ – 4-½ %. The District uses the 12-mo. rolling Treasury Bond average as its benchmark. At March 31, 2025, the Benchmark was 4.506%, while the District's average rate of return for the month was 4.390%, just 11.6 basis points below the benchmark.

Backflow Inspection Charge – Revenue from the Backflow Inspection Charge is used to cover the cost of annual inspections and repairs to the devices as necessary. The charge is meant to cover all costs, including labor and benefits, parts, supplies, and outside services when required. The total costs have increased by 6% from an estimated actual of \$289,300 in FY 2024-25, up \$16,000, to \$305,800 in FY 2025-26. A 6% increase to the Backflow Inspection Charges is included in the preliminary budget.

Proposed Monthly Backflow Inspection Charge

Meter Type	Current	Increase	Proposed
Water	\$ 4.25	+\$ 0.25	\$ 4.50
Fire	\$ 2.83	+\$ 0.17	\$ 3.00

DEBT

The District currently has three Clean Water State Revolving Fund (CWSRF) Loans with an outstanding balance in the amount of \$16,109,155 at 2.2% interest. The funds were used solely for the Woods Valley Ranch Wastewater Expansion Project. In FY 2025-26, Debt Service payments against this loan amount to \$1,542,388.

In addition, a Safe Drinking Water State Revolving Fund loan for the Cool Valley Reservoir Cover/Liner replacement was obtained by the District. At June 30, 2025, the outstanding amount of the loan will be \$2,397,943 at 1.6% interest. The Debt Service payment is \$220,421 for FY 2025-26.

On March 21, 2022, the Board authorized an SRF Financing Agreement totaling \$8,500,000 to fund the following three projects: 1. Oat Hill Pump Station Discharge; 2. Gordon Hill Rd Pipeline; and 3. Lilac Road Pipeline. The term of the loan will be 30 years at an interest rate of 1.2%. Construction periods vary for the three projects, with the first beginning in March 2022 and the final completion in November 2025. Debt service payments of approximately \$339,000 are expected to begin in November 2025.

WATER CAPITAL PROJECTS

Many of the District's facilities were installed over 50 years ago. The large investment in the utility plant required to provide service underscores the importance of setting aside replacement reserves for those aging facilities. Depreciation of utility plant assets is an annual non-cash expense that needs to be given specific and systematic recognition as the cost of providing service. The District began including Depreciation as a budgeted item in FY 2024-25. The estimate is based on the prior year's estimated actual Depreciation Expense of \$3.7M plus 2.0% for a total of \$3.8M. The total of which will be reserved for future Capital Improvement Projects.

Valley Center Municipal Water District Board of Directors' Meeting Minutes

There is currently \$4,024,780 in continuing projects, including \$94,014 of which are unappropriated budgeted funds from prior year projects that will not be used and will not be carried forward to FY 2025-26. New water capital improvement projects and expenditures total \$2,740,000, all of which is estimated to be funded with revenues set aside from the current year's Depreciation.

Additionally, there are an estimated \$13.55M in capital projects that require outside funding sources (Bonds or SRF loans). The projects include: North Broadway Pipeline Replacement Project for \$3,995,000 and the Old Castle Phase 2 Pipeline Replacement Project for \$9,555,000. Although neither project will be included in the budget, details about both projects will be included in Appendix E of the budget. When the funding plan is finalized and staff is prepared to move forward with the projects, they will be presented to your Board for review and approval. At which point a budget adjustment will be required.

Water Capital Improvement Charge – Similar to the current Lower Moosa Canyon Capital Charge, the Board has authorized staff to explore the development and implementation of the Water General Fund Capital Improvement Charge. As presented by staff, this charge would be dedicated to either “pay-go” or leveraged financing of the various water system capital improvements identified in the District's June 2020 Update of the January 2019 Water Master Plan. As envisioned, if such a charge were to be implemented, it would provide capital funding supplemental funds to finance an expanded or accelerated capital improvement program in future years, as such will not impact rate components being considered for the FY 2025-26 Budget. This concept will be brought back to the Board post FY 2025-26 Budget adoption.

WASTEWATER:

- Lower Moosa Canyon:

Operating Expenses increased 3.1% from \$1,714,460 in Fiscal Year 2024-25, up \$52,340 to \$1,766,800 in FY 2025-26. The increases are due to increased labor and benefits, outside professional services, insurance, and maintenance of facilities. The increases were partially offset by decreases in temporary labor, interest expense on the Interim Loan from the General Fund, and administrative overhead.

The preliminary budget indicates that in order to cover the increased expenses of \$52,340, a 3.1% increase in the wastewater service charge is necessary for operating revenues to continue to fully cover the operating expenses, as well as ensure funding of the Replacement Reserve at about \$390,000 per year. The monthly Moosa wastewater service charge is proposed to increase \$2.01 per month from \$64.86 per Equivalent Dwelling Unit (EDU) to \$66.87/EDU.

The monthly low-pressure wastewater collection system maintenance fee is proposed to increase by 10% in the preliminary budget. This is necessary because the budgeted expenses total \$99,300 while the estimated revenues, with a 10% increase, total \$71,580, a shortfall of approximately \$27,720. This shortfall has historically been supplemented with interest revenues. However, that cannot be sustained as interest rates decrease. The current low-pressure wastewater collection system maintenance fee is \$53.52/EDU, a 10% increase would increase it \$5.33, up to \$58.85/EDU/month.

Lower Moosa Canyon Capital Improvement Charge: The Capital Improvement Charge is \$12/month/EDU and no change is proposed. The charge generates approximately \$360,000 annually, which is necessary to meet the debt coverage requirements of the State Water Resources Control Board for future Clean Water State Revolving Fund (CWSRF) Loans. The Moosa Master Plan, approved in February 2023, outlines the capital improvement requirements over the next 20 years and discusses the need for leveraging the net sewer

Valley Center Municipal Water District Board of Directors' Meeting Minutes

service charge revenues through short-term funding from the District's General Fund and long-term Clean Water State Revolving Fund (CWSRF) Loans.

Staff is projecting that with the rate increases, the Moosa operating revenues will be sufficient to meet the anticipated operating expenditures for FY 2025-26. .

- **Lower Moosa Canyon Wastewater Capital Projects:** There are no new capital project appropriations for Moosa proposed for FY 2025-26. There is currently \$434,300 in continuing projects, including \$146,118 in unappropriated budgeted funds from prior year projects that will not be used and will not be carried forward into FY 2025-26.
 - Additionally, there is an estimated \$10.3M in capital projects that require outside funding sources either through the sale of bonds or with SRF loans. The projects include: Lower Moosa Canyon Priority Projects for \$8,975,000 and the Meadows Lift Station Project for \$1,325,000. Although neither project will be included in the budget, details about both projects will be included in Appendix E of the budget. When the funding plan is finalized and staff is prepared to move forward with the projects, they will be presented to your Board for review and approval. At which point a budget adjustment will be required.
- Woods Valley Ranch:

Operating Expenses increased 3.9% from \$1,651,850 in FY 2024-25 up \$64,550 to \$1,716,400 in FY 2025-26. The increases are due to increased labor and benefits, insurance, regulatory permits and fees, and outside professional services, which were partially offset by decreases in electricity. It's anticipated that revenues for Woods Valley Ranch WRF will not be sufficient to cover the operating expenses and will require approximately \$365,000 from the replacement reserve. This essentially means that the Standby Fee revenue is being used to supplement the operating fund, rather than being reserved for future capital projects.

The sewer service charge is set to increase for the first time since its inception by 5.1% from \$98.60 per month up to \$103.50 per month, on July 1, 2025. In the current year budget for Fiscal Year 2024-25 staff estimated that approximately \$200,000 would be needed from the replacement reserve to cover operating expenses at Woods Valley for the year. The estimated actual results appear to be on target. For the preliminary FY 2025-26 Budget, in order to cover the entire operating deficit of \$365,000, the rate would need to be increased by 36%. Staff does not recommend doing so. Instead, staff will recommend increasing the rate by 10% per year until operating revenues are sufficient to cover operating expenses. It is believed that it would take approximately 3 years to do so. The sewer service charge is collected on the property tax roll. If a proposed 10% rate increase is approved by the Board during the upcoming Prop 218 process, the rate would not go into effect until July 1, 2026. A 10% increase to the sewer service charge would increase the rate from \$103.50 per month, up \$10.35, to \$113.85 per month.

Sewer standby fees for properties not yet connected to the sewer system will remain unchanged in both Fiscal Years 2025-26 and 2026-27 at \$550.32 per EDU and will be utilized to fund the replacement reserve.

The grinder pump maintenance charge for those properties requiring a grinder pump unit is also set to increase by 5.1% effective July 1, 2025, from the current rate of \$50.93 per month to \$53.52 per month. A rate increase of 10.0% will be proposed to be effective July 1, 2026. It is proposed to increase the rate from \$5.33 to \$58.85 per month.

All fees and charges related to the Woods Valley Ranch Wastewater service area will be collected as fixed charge special assessments on the annual property tax roll.

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

- **Woods Valley Ranch Wastewater Capital Projects:** New capital project appropriations for Woods Valley Ranch are proposed at \$655,000 for 2 projects; the HMI Upgrade, \$415,000, and the Chlorine Room Modification, \$240,000.
- **Woods Valley Ranch Expansion:** It is anticipated that the WVR Expansion will have sufficient revenues to meet all anticipated costs for FY 2025-26.

NEXT STEPS:

Ms. Velasquez concluded her presentation by reviewing the next steps in the budget process. On June 26, 2025, the SDCWA will hold a public hearing to consider recommended rates and charges to its Board. The VCMWD Board will receive the first review of the revenue and expense projections at the July 21, 2025 Board Meeting, with adoption scheduled for the August 4, 2025 Board Meeting.

Action: Informational item only, no action required.

6. Capacity Allocation Transfer from North to South Village – Conceptual Approval:

District Engineer Grabbe introduced, for conceptual approval, a proposed capacity allocation transfer from the proposed Indian Creek Development (“Indian Creek”) in the North Village area to the Park Circle Community Facilities District No. 2020-1 (“CFD”) in the South Village area. The original Woods Valley Ranch Assessment District (AD 2012-1) included provisions for transferring capacity allocations between properties. As such, a Capacity Allocation Transfer Policy was established in the District Administrative Code §171.11 (c). Such a transfer has been proposed between the Indian Creek and the CFD, noted Mr. Grabbe.

Initially, a 425.5 EDU capacity allocation was secured by the developer of the Park Circle East/West Project (“Touchstone”) as part of Assessment District 2012-1 and the Woods Valley Ranch Wastewater Expansion Project. However, an additional treatment capacity allocation of 218.5 EDUs is still needed from the Woods Valley Ranch Water Reclamation Facility (“WVRWRF”) to meet the developments ultimate needs. The CFD was formed, in part, to provide the financial security to fund its share of a future Phase 3 Expansion to provide the needed capacity. Touchstone provided an additional financial security to fund the balance of the Phase 3 Expansion.

At this time, the ownership of the Indian Creek Development has expressed a desire to transfer a portion of its current capacity allocation and its corresponding financial responsibility to the CFD, in an effort to reduce their ongoing costs until development approvals are obtained. While there are two willing parties to affect the capacity allocation transfer, the CFD does not have the financial capacity at this time to fully reimburse Indian Creek for its equity in the proposed capacity transfer, nor does the CFD have the bonding capacity to issue additional debt to affect the transfer of the all the needed capacity at one time.

Indian Creek is willing to agree to transfer their capacity allocation of 218.5 EDUs to the CFD over time on a scheduled basis, reducing Indian Creek’s annual assessments for the capacity transferred each year and receiving incremental payments as the CFD’s available special tax revenues increase 2% each year, pursuant to the RMA approved with formation of the CFD, and retirement of the outstanding SRF loans and bonded indebtedness. The CFD will then be able to meet its treatment capacity needs without participating in the Phase 3 Expansion of the WVRWRF and Touchstone’s financial security can be released. It is anticipated that all capacity allocations will be transferred and financial obligations from the CFD to Indian Creek will be fully met by 2043.

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

Staff proposed a capacity allocation transfer concept that would include establishing a long-term reimbursement agreement, under the authority of VCMWD, between the CFD and Indian Creek, based upon the CFD's projected availability of special tax revenues above its current loan and bond obligations. The incremental capacity transfers and reimbursement agreement would be administered by VCMWD (just as it would administer an SRF Loan or Bond repayment).

It was recommended that the Board direct staff to work with District General Counsel to develop the agreement(s) necessary to implement this capacity allocation transfer concept and return to the Board in the June timeframe to be considered for approval and implementation.

Action: Informational 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 of April 24, 2025 was provided.

Action: Informational item only, no action required.

8. General Information:

General Manager Arant provided highlights of the District's February 2025 Status Report.

Action: Informational item only, no action required.

DISTRICT GENERAL COUNSEL'S ITEM(S)

None.

BOARD OF DIRECTORS' AB1234 REPORTS ON MEETINGS ATTENDED

None.

CLOSED SESSION ITEM(S)

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 was called by President Ferro at 3:35 PM pursuant to the following two (2) items:

- **Government Code §54957 – Public Employee Appointment:**
Title: General Manager
- **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.

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

RECONVENE

Action: The Board came out of closed session at 4:40 PM with no reportable action.

ADJOURNMENT

Action: Upon motion by Holtz, seconded by Stehly; motion passed with four (4) affirmative votes, the regular meeting of the Board of Directors was adjourned at 4:40 PM.

ATTEST:

ATTEST:

Kirsten N. Peraino, Secretary

Enrico P. Ferro, President

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD APRIL 26, 2025 THROUGH MAY 02, 2025

MAY

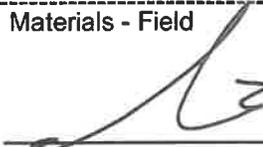
CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	Alpha Analytical Laboratories, Inc.	Testing	615.00
ACH	Fernando Carrillo	CWEA Annual Conference	756.93
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	502.86
171554	Julian Alvarez	Educational Reimbursement-American Water Coll	349.99
171555	Asbury Environmental Services	Hazardous Waste Removal	398.68
171556	AT&T	Services	722.11
171557	Azteca Systems Holdings LLC	Cityworks Maintenance Agreement 04/30/25-04/25/25	23,150.40
171558	Babcock Laboratories, Inc	Testing	160.00
171559	Victor and Yesenia Hernandez Caal P	Refund Check 017849-000, 28537 Sunset Rd	14.43
171560	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	158.81
171561	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	1,284.00
171562	California Bank & Trust	Credit Cards - Meals, Travel, Meetings	2,345.90
171563	CalMat Co	Materials - Field	1,142.09
171564	Capitol Enquiry	2025 Pocket Directory	26.65
171565	Complete Office of California, Inc	Office Supplies	85.98
171566	Computer & Peripherals Group, Inc.	Printer - Engineering	1,160.75
171567	DIRECTV	Dish Service 04/24/24-05/23/25	78.49
171568	Alan Dorris	Refund Check 008865-002, Tyler Rd	91.54
171569	EDCO Waste & Recycling Service	Trash Services - April 2025	649.60
171570	Lorena Espinoza	Janitorial Service - April 2025	1,875.00
171571	Ferguson Waterworks #1083	Materials - Field	11,905.30
171572	Fidelity Security Life Insurance Comp	Vision Plan Premium - May 2025. Group ID: 1038	951.55
171573	Fidelity Security Life Insurance Comp	Vision Plan Premium - May 2025. Group ID: 1038	206.55
171574	Grainger, Inc	Materials - Field	586.19
171575	HDS White Cap Const Supply	Materials - Field	221.97
171576	Hi-Way Safety	Traffic Control	474.15
171577	Kaiser Foundation Health Plan Inc	Medical Premiums/Purchaser ID 104350	73,240.64
171578	KB Home Coastal, Inc.	Meter Fees - KB Homes Orchard Run Final Accou	956.41
171579	KB Home Coastal, Inc.	KB Orchard Run Final Accounting	332.66
171580	Pinpoint Pest Control Co Inc	Bee/Wasp Hive Removal	125.00
171581	R and S Refrigeration Corporation	Ice Machine Maintenance	671.40
171582	Reliance Standard Life Insurance	Life Insurance Premiums - April 2025	9,199.88
171583	Republic Services Inc.	Hazardous Waste Removal	927.79
171584	Roadrunner Publications, Inc	Notice of Public Hearing For Water Availability Ch	462.00
171585	Brennan Scott	Reimbursement For D2 Exam	65.00
171586	Shea Homes Limited Partnership	Meter Fees - Shea Homes Park Circle Final Accou	3,998.89
171587	Dean Sidwell	Refund Check 018254-000, 28120 Glenmeade	16.40
171588	SWRCB	Application For D2 Certificate - Brennan Scott	80.00
171589	SWRCB	Renewal For Distribution Grade 4 - Leonard Brow	105.00
171590	Symons Fire Protection, Inc.	Annual Sprinkler Inspection	3,605.00
171591	Uline	Materials - Field	443.66
171592	Benjamin and Candice Wade	Refund Check 015630-000, 27301 Rowell Ct	132.19

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD APRIL 26, 2025 THROUGH MAY 02, 2025

MAY

<u>CHECK #</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
171593	Yardley Orgill Co. Inc.	Materials - Field	5,602.78
	TOTAL		<u>149,879.62</u>

Approved By: _____


General Manager


Director of Finance & Administration for J Pugh 5/1/25

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD MAY 03, 2025 THROUGH MAY 09, 2025

MAY

CHECK #	PAYEE	DESCRIPTION	AMOUNT
ACH	ACWA/JPIA	Blue Cross Medical Premiums - June 2025	85,458.03
ACH	Alpha Analytical Laboratories, Inc.	Testing	1,210.00
ACH	Amazon Capital Services, Inc.	Materials - Field	614.98
ACH	Hasa, Inc.	Chemicals	710.72
ACH	International City Mgmt Association R	Plan# 801966. MissionSquare Remittance 04/18/2	6,914.60
ACH	Jankovich Company	Materials - Field	6,043.44
ACH	Prudential Overall Supply	Uniform Rentals - April 2025	3,917.11
ACH	Self Insured Services Company LLC	Reimbursement Request For Dental Funding Date	2,736.95
ACH	Westflex, Inc.	Materials - Field	253.04
171594	Aaron Mehandroo LLC	Vehicle Maintenance	27.68
171595	Ababa Bolt	Materials - Field	367.67
171596	Julian Alvarez	Reimbursement For Grade D2 Exam	65.00
171597	AT&T	Services	1,427.10
171598	Babcock Laboratories, Inc	Testing	2,290.24
171599	Bavco	Materials - Field	3,015.59
171600	Birdseye Planning Group	Old Castle Pipeline Relocation Project	6,410.00
171601	CalMat Co	Materials - Field	621.43
171602	CDW Government	CISCO Smart Net Service Agreements	1,853.00
171603	Complete Office of California, Inc	Office Supplies	159.98
171604	Corodata Media Storage, Inc.	Record Storage - April 2025	254.19
171605	Corodata Records Management	Record Storage - April 2025	119.81
171606	County of San Diego	Repeater Site Rent Acct# 7019 - Palomar Mounta	920.00
171607	Crown Pacific Construction Co.	BP Refund - Permit# 2023-0291	1,978.00
171608	Diamond Environmental Services, LP	Services	50.47
171609	EDCO Waste & Recycling Service	Trash Services - April 2025	285.99
171610	Evoqua Water Technologies LLC	Materials - Field	3,188.02
171611	Grainger, Inc	Materials - Field	2,296.36
171612	Grangetto's Farm & Garden Supply Co	Materials - Field	316.64
171613	HealthEquity Inc.	Employee Contributions 04/18/25-05/02/25	277.00
171614	iDrains LLC	Services	2,810.00
171615	Infosend	A/R Processing, Mail & Postage	7,300.77
171616	Insight Public Sector, Inc.	Call Recording Subscription 03/12/25-03/11/26	3,050.40
171617	Arturo Martinez	Refund Check 020695-000, 22081905 B.O.@Sky	1,978.52
171618	Michael Baker International, Inc.	North County ESP Const. Sup.	3,615.00
171619	Motion and Flow Control Products, Inc	Materials - Field	170.54
171620	Mutual of Omaha	Life Insurance - May 2025	2,764.77
171621	Napa Auto Parts	Vehicle Maintenance	119.26
171622	National Safety Compliance, Inc	DQF Online Monthly Fee - April 2025	62.05
171623	Petty Cash	Petty Cash	544.96
171624	Pine Tree Lumber	Materials - Field	130.12
171625	Prestige Analytics, Inc.	Business Continuity Plan	15,800.00
171626	Reliance Standard Life Insurance	Life Insurance Premiums - May 2025	9,137.65
171627	San Diego Gas & Electric	Gas Services - April 2025	38,001.01
171628	Service Lighting & Electrical Supplies	Materials - Field	474.79

VALLEY CENTER M.W.D.
DISBURSEMENTS
FOR PERIOD MAY 03, 2025 THROUGH MAY 09, 2025

MAY

CHECK #	PAYEE	DESCRIPTION	AMOUNT
171629	SHAPE Incorporated	Materials - Field	2,229.52
171630	Sean Silveria	Refund Check 017537-000, 33231 Lilac Road	931.38
171631	Supreme Oil Company	Gasoline and Oil	3,124.09
171632	SWRCB	Application For D2 Exam - Christopher Pring	65.00
171633	Telesis Surveying and Civil Engineerir	North Broadway Pipeline - Task Order 14	6,404.50
171634	Uline	Materials - Field	256.67
171635	United Way of San Diego County	Employee Contributions 04/18/25-05/02/25	20.00
171636	VCMWD Employees Association	Employee Contributions 04/18/25-05/02/25	937.50
171637	Westec Industries, LLC	Materials - Field	256.50
171638	Yardley Orgill Co. Inc.	Materials - Field	519.79
	TOTAL		<u>234,487.83</u>

Approved By:


General Manager


Director of Finance & Administration

VALLEY CENTER MUNICIPAL WATER DISTRICT
ELECTRONIC DISBURSEMENTS
FOR PERIOD APRIL 1, 2025 THROUGH APRIL 30, 2025

SEQ. #	DATE	PAYEE	DESCRIPTION	AMOUNT
BANK TRANSFERS:				
ACH:				
	04/04/25	Alpha Analytical Laboratories, Inc.	Testing	975.00
	04/04/25	ENDRESS & HAUSER INC	Materials - Field	4,608.35
	04/04/25	Self Insured Services Company LLC	Reimbursement Request for Dental Funding Dated 03/28/2025	4,904.10
	04/04/25	United Parcel Service, Inc.	Shipping	17.86
593	04/10/25	Direct Deposit	DIRECT DEP PAYROLL 03/21/25-04/04/25	206,749.15
	04/11/25	IRS	P/R TAX 03/21/25-04/04/25	43,047.93
	04/11/25	EDD	P/R TAX 03/21/25-04/04/25	13,270.26
	04/11/25	PEBSCO/NATIONWIDE	DEFERRED COMPENSATION 03/21/25-04/04/25	13,326.13
	04/11/25	EXPERTPAY	GARNISHMENT 03/21/25-04/04/25	780.00
	04/11/25	CALPERS	CALPERS CONTRIBUTIONS 03/21/25-04/04/25	63,638.39
	04/11/25	CALPERS	ANNUAL UNFUNDED ACCRUED LIABILITY - APRIL	217,659.17
	04/17/25	EDD	1st QTR 2025 UI & ETT	8,149.69
594	04/24/25	Direct Deposit	DIRECT DEP PAYROLL 04/04/25-04/18/25	207,988.32
	04/25/25	IRS	P/R TAX 04/04/25-04/18/25	43,202.36
	04/25/25	EDD	P/R TAX 04/04/25-04/18/25	13,373.33
	04/25/25	PEBSCO/NATIONWIDE	DEFERRED COMPENSATION 04/04/25-04/18/25	12,618.60
	04/25/25	EXPERTPAY	GARNISHMENT 04/04/25-04/18/25	780.00
	04/25/25	CALPERS	CALPERS CONTRIBUTIONS 04/04/25-04/18/25	63,739.47

ONE TIME WRES:

RECURRING WRES:

635	04/11/25	SDCWA	WATER DELIVERY - FEBRUARY 2025	1,474,540.90
636	04/30/25	CAMP	TEMPORARY INVESTMENT	3,600,000.00
			TOTAL	<u>5,993,369.01</u>

APPROVED BY:


GENERAL MANAGER


DIRECTOR OF FINANCE

May 19, 2025

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

SUBJECT: PUBLIC HEARING TO CONSIDER ADOPTING ORDINANCE NO. 2025-03 APPROVING PROPOSED REVISIONS TO THE MISCELLANEOUS WATER METER FEES AND CHARGES AND RELATED ADMINISTRATIVE CODE CHANGES

PURPOSE:

Conduct a Public Hearing for the Board of Directors to consider adopting Ordinance No. 2025-03, approving the proposed revisions to the Miscellaneous Water Meter Fees and Charges (Meter Fees and Charges) and related Administrative Code changes to be effective July 1, 2025.

BACKGROUND:

Each year, staff evaluates the Meter Fees and Charges identified in the District's Administrative Code and prepares recommendations for adjustments for the upcoming Fiscal Year.

Staff analyzed the materials and labor costs, and equipment rates experienced in FY 2024–2025 and incorporated the 3.1% published Consumer Price Index for All Urban Consumers (San Diego – Carlsbad) ("CPI") to determine appropriate recommendations for the FY 2025-2026 Meter Fees and Charges. On average, the proposed recommendations for the updated Meter Fees and Charges increased 1.6% from the prior year, which is less than the 3.1% CPI.

The Meter Fees and Charges are recommended to be updated based on anticipated materials and labor costs, and equipment rates for FY 2025-26. The proposed Meter Fees and Charges are provided in the attached Technical Memorandum, and the following is a summary of the calculation methodology and the results of the calculations.

- Materials costs are based on the average cost of the District's material inventory as of January 2025, and adjusted for the 3.1% CPI factor experienced over the previous year. The average materials costs are adjusted only when new components are purchased and added to inventory. A 3.1% increase was applied to reflect the projected rise in average materials costs over the next year, estimating the District's materials inventory value as of January 2026 – the midpoint of FY 2025-26.
- Labor costs are based on the current "Top of Range" labor rates plus Cost of Living Adjustment ("COLA") to be implemented for FY 2025-26. It is estimated that the District's COLA will be set at 3.1%, effective July 1, 2025.
- Equipment rates are based on standard cost values published by Caltrans effective April 1, 2025, and adjusted by the 3.1% CPI factor experienced over the previous year.

After reviewing labor, equipment, and material costs, staff recommends no increase to some categories of Meter Fees and Charges due to insignificant cost increases.

Though the average proposed increase is 1.6%, with the majority between 0% and 6%, some categories have proposed increases up to 12%. For example, the material cost for some double check valves and pressure reducing valves increased significantly, resulting in proposed increases up to 12% over the existing Meter Fees and Charges.

RECOMMENDATIONS:

Staff recommends that the Board of Directors adopt Ordinance No. 2025-03, approving the proposed revisions to the Miscellaneous Water Meter Fees and Charges and related Administrative Code changes to be effective July 1, 2025.

PREPARED BY:



Wally Grabbe
District Engineer

SUBMITTED BY:



Gary Arant
General Manager

Attachments:

Attachment 1 – Technical Memorandum

Attachment 2 – Ordinance No. 2025-03

Attachment 3 – Exhibit A – Proposed changes to Administrative Section Article 160

Technical Memorandum

DATE: April 7, 2025

TO: Gary Arant, General Manager

FROM: Wally Grabbe, District Engineer

SUBJECT: Proposed Miscellaneous Water Meter Fees and Charges

Please see the attached documentation for the proposed Miscellaneous Water Meter Fees and Charges (Meter Fees and Charges) identified in the District's Administrative Code for FY 2025–2026. We intend to preview the proposed Meter Fees and Charges with the Board for input and direction at the April 21 Board meeting. Following the meeting, the proposed Meter Fees and Charges will be revised based on the Board's input. A public hearing notice will be published on May 1 and May 8 and posted on the District's website. The Board will consider adopting the updated Meter Fees and Charges, along with related Administrative Code changes, at its May 19 Board meeting.

Staff annually evaluates Meter Fees and Charges to recommend updates based on actual material, labor, and equipment costs, as outlined below:

- Material costs are based on the average cost of the District's material inventory as of January 2025 and adjusted for the 3.1% CPI factor experienced over the previous year. The average cost of materials is adjusted only when new components are purchased and added to inventory. A 3.1% increase was applied to reflect the projected rise in average material cost over the next year, estimating the District's material inventory value as of January 2026 – the median cost for FY 2025–2026.
- Labor Costs are based on the current "Top of Range" labor rates plus Cost of Living Adjustment ("COLA") for FY 2025–2026. It is estimated the District's COLA for salary increases will be set at 3.1%, effective July 1, 2025.
- Equipment costs are based on standard cost values published by Caltrans effective April 1, 2025, and adjusted by 9 months of the 3.1% CPI factor experienced over the previous year to establish a median cost value January 1 for FY 2025–2026.

The Meter Fees and Charges recommended are summarized in Exhibit A (attached) and described in the following discussion. A detailed breakdown of the calculation of proposed Meter Fees and Charges are available digitally upon request.

Section 160.4(a) – Service Connection Charges

The service connection charges recommendations include separate costs for the installation of the service lateral and the meter drop-in. The full install cost for a meter service would be the service lateral cost for the required lateral size plus the meter drop-in cost for the meter size purchased. This method enables staff to provide more efficient meter quotes for installations requiring differing meter and lateral sizes due to low pressure conditions and discounts for multiple meter purchases in remote locations incorporating a meter manifold installation.

Table 1 – Meter Lateral Charges	<i>0 to 2% increase</i>
Table 2 – Meter Installation Charges – Drop In	<i>no change</i>
Table 3 – Fire Service Meter Charges – Drop In	<i>no change</i>
Table 4 – Traffic Control Cost, when required	<i>no change</i>

Section 160.4(a) – Fire Sprinkler Tee

An increase is not recommended at this time.

Table 5 – Fire Tee Charge	<i>no change</i>
---------------------------	------------------

Section 160.12(d) – Backflow Prevention Devices

The above average cost increase for the 3-inch double check valve on riser charge is driven by the rising average cost of the double check valve of that size in the District's inventory and increased costs for labor and equipment.

Table 6 – Standard Double Check Valve Fees	<i>0 to 3% increase</i>
Table 7 – Double Check Valve on Riser Fees	<i>0 to 12% increase</i>
Table 8 – Reduced Pressure Device on Riser Fees	<i>0 to 6% increase</i>
Table 9 – Reduced Pressure Device with Domestic Tee Fees	<i>0 to 5% increase</i>

Section 160.20(c) – Pressure Reducing Valves (PRVs)

The above average cost increases for ¾ inch and 1-inch pressure reducing valve charges are driven by the rising average cost of pressure reducing valves of those sizes in the District's inventory and increased costs for labor and equipment. An increase for the Cla-Valve pressure reducing valve is not recommended at this time.

Table 10 – Pressure Reducing Valve Charges – Standard	<i>0 to 12% increase</i>
Table 11 – Pressure Reducing Valve Charges – Cla-Valve*	<i>no change</i>

**Cla-Valve Pressure Reducing Valve are required for higher pressure conditions*

Section 160.8(a) – Meter Relocation

For meter relocations, the customer is also responsible for the fees and charges for any required backflow upgrades, new service lateral installation, and time and material costs for disconnection of the abandoned service lateral from the main. An increase is not recommended at this time.

Table 12 – Meter Relocation Charge

no change

Sections 160.22 and 171.10 – Project Facility Availability and Comment Letters (PFAs & PFCs)

Project Facility Availability (PFA) or Project Facility Commitment (PFC) charges consist primarily of staff labor. An increase is not recommended at this time.

Table 13 – Project Availability and Commitment Letters

no change

Section 160.24 (a) – Construction Meter Service

A Construction Meter Service is a temporary water service to provide water needed for construction activities. The cost structure for this item includes labor and equipment. An increase is not recommended at this time.

Table 14 – Construction Meter Service

no change

Attachment:

- Proposed Public Hearing Notice showing:
 - o Proposed Public Hearing Dates, and
 - o Tables of Proposed Changes to the Fees and Charges

Attachment A
Miscellaneous Water Meter Fees and Charges
FY 2025-2026

Table 1 - Lateral Installation Charges

Service Lateral	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	N/A	\$8,025	\$8,410	\$9,242	\$9,732
Recommended % increase		0.7%	1.0%	2.1%	2.8%
FY 2025-26 Recommended Fee	N/A	\$8,078	\$8,495	\$9,441	\$10,004

*Traffic Control add on when required \$2000

Table 2 - Meter Installation Charges - Drop-In

Drop-In Meter Installation (Existing Service Lateral)	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	\$1,146	\$902	\$1,602	\$1,795	\$2,166
Recommended % increase	0%	0%	0%	0%	0%
FY 2025-26 Recommended Fee	\$1,146	\$902	\$1,602	\$1,795	\$2,166

Table 3 - Fire Service Meter Charges - Drop-In

1" Fire Meter - Drop-In Installation	3/4"	1"
	Amount	Amount
Current	\$811	\$743
Recommended % increase	0.7%	0%
FY 2025-26 Recommended Fee	\$816	\$743

Table 4 - Traffic Control Cost

Traffic Control Cost	Amount
Current	\$2,000
Recommended % increase	0%
FY 2025-26 Recommendation	\$2,000

Table 5 - Fire Tee Charge

Fire Tee	1"
	Amount
Current	\$426
Recommended % increase	0%
FY 2025-26 Recommended Fee	\$426

Attachment A
Miscellaneous Water Meter Fees and Charges
FY 2025-2026

Table 6 - Standard Double Check Valve Fees

Backflow Prevention Double Check (DC) Device	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	\$439	\$505	\$941	\$984	\$1,229
Recommended % increase	1.7%	2.6%	0%	0%	0%
FY 2025-26 Recommended Fee	\$446	\$518	\$941	\$984	\$1,229

Table 7 - Double Check Valve on Riser Fees

Backflow Prevention Double Check (DC) on Risers Device	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	\$607	\$727	\$1,339	\$1,540	\$2,513
Recommended % increase	0.8%	1.7%	0%	0%	12.3%
FY 2025-26 Recommended Fee	\$612	\$739	\$1,339	\$1,540	\$2,823

Table 8 - Reduced Pressure Device on Riser Fees

Backflow Prevention Reduced Pressure (RP) Device	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	\$914	\$1,031	\$1,557	\$1,876	\$4,428
Recommended % increase	1.6%	3.5%	0.9%	0%	6%
FY 2025-26 Recommended Fee	\$928	\$1,068	\$1,571	\$1,876	\$4,691

Table 9 - Reduced Pressure Device with Domestic Tee Fees

Backflow Prevention Reduced Pressure (RP) Device with Domestic Tee	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	\$1,175	\$1,308	\$1,861	\$2,208	\$5,001
Recommended % increase	2.1%	3.6%	1.1%	0.1%	5.3%
FY 2025-26 Recommended Fee	\$1,200	\$1,354	\$1,882	\$2,210	\$5,264

Table 10 - Pressure Reducing Valve Charges - Standard

Pressure Reducing Valves Standard	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	\$143	\$157	\$1,318	\$1,571	N/A
Recommended % increase	10%	12%	3%	0%	
FY 2025-26 Recommended Fee	\$157	\$175	\$1,357	\$1,571	N/A

Table 11 - Pressure Reducing Valve Charges - Cla-Valve

Pressure Reducing Valve - Cla-Valve	3/4"	1"	1-1/2"	2"	3"
	Amount	Amount	Amount	Amount	Amount
Current	N/A	N/A	N/A	\$3,315	\$3,043
Recommended % increase				0%	0%
FY 2025-26 Recommended Fee	N/A	N/A	N/A	\$3,315	\$3,043

Attachment A
Miscellaneous Water Meter Fees and Charges
FY 2025-2026

Table 12 - Meter Relocation Charge

Meter Relocation Charge	Amount
Current	\$535
Recommended % increase	0.0%
FY 2025-26 Recommendation	\$535

**Table 13 - Project Facility Availability (PFA) or
Project Facility Commitment (PFC)**

Project Facility Availability (PFA) Project Facility Commitment (PFC)	Amount
Current	\$193
Recommended % increase	0%
FY 2025-26 Recommended Fee	\$193

**Table 14 - Construction Meter Installation and
Relocation Fee**

Construction Meter Installation and Relocation Fee	Amount
Current	\$272
Recommended % increase	0%
FY 2025-26 Recommended Fee	\$272

ORDINANCE NO. 2025-03

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE TO PROVIDE FOR
MODIFICATIONS OF MISCELLANEOUS WATER METER FEES AND CHARGES
AND RELATED ADMINISTRATIVE CODE SECTIONS**

WHEREAS, the methodology and basis for the calculation of the proposed Miscellaneous Water Meter Fees and Charges are based on an evaluation of actual costs and projection of anticipated increases based on the past year's Consumer Price Index for All Urban Consumers, Cost of Living Adjustment, and Caltrans standard cost values.

WHEREAS, the proposed fees and charges do not exceed the estimated reasonable costs of materials and services being provided; and

WHEREAS, the Board of Directors has considered all comments received at the duly noticed public hearing on May 19, 2025, prior to adoption of this Ordinance.

NOW, THEREFORE, IT IS HEREBY FOUND, RESOLVED, ORDERED AND DETERMINED by the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. The above Recitals are true and correct and are made findings and determinations of the Board of Directors.
2. The Valley Center Municipal Water District Administrative Code is amended, as set forth in Exhibit A attached hereto and incorporated herein by reference, to provide for the following changes in the adopted:
 - a) Section 160.4(a) Connection of Service – updated the fees and charges;
 - b) Section 160.12(d) Backflow Prevention Devices - updated the fees and charges; and
 - c) Section 160.20(c) Pressure Reducing Valves – updated the fees and charges.
3. The revenues derived from the increased fees and charges, as a result of the adoption of this ordinance, do not exceed the funds required to provide the service.
4. The revenues derived from the increased fees and charges shall not be used for any purpose other than that for which the fees and charges are imposed.

5. The services provided are available to and may be immediately used by customers paying the fees and charges.
6. The increased fees and charges adopted, as a result of this ordinance, shall be imposed as a condition of service and are not imposed upon real property or upon a person as an incident of property ownership.
7. The increase in fees and charges provided by this ordinance are the result of an increase in materials and labor costs, and equipment rates.
8. The increased fees and charges, adopted as a result of this ordinance, shall be effective July 1, 2025.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Valley Center Municipal Water District held on the 19th day of May 2025, by the following vote, to wit:

Board President

Kirsten Peraino, Board Secretary

Attachment Exhibit A – Proposed Changes to Administrative Code Article 160

Article 160 Water Service - Rules and Regulations (Cont'd.)

Sec. 160.4 Connection of Service. The applicant shall be required to pay connection, equipment and capacity fees in full before a service connection will be made. These fees are refundable only if the water service commitment has not been used to obtain a building permit, if no connection to the District system has been made and if the District has not constructed or committed itself to construct facilities because of the application for which the fee was paid.

(a) Connection Charge. The connection charge shall be as follows:

	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>
Service Lateral Charge:	N/A	\$8,025 \$8,078	\$8,410 \$8,410	\$9,242 \$9,329	\$9,732 \$9,893
Drop-In Meter Charge:	<u>3/4"</u> \$1,146	<u>1"</u> \$902	<u>1-1/2"</u> \$1,602	<u>2"</u> \$1,795	<u>3"</u> \$2,166

Applicant shall pay for the installation of a service lateral if an adequately sized service lateral or meter manifold has not been previously constructed to provide service to the Applicant's property. Applicants purchasing multiple meters that could be installed at one location may request alternative pricing for a meter manifold installation to reduce lateral costs and minimize connections to the main. Manifold installation quotes would be subject to the Applicant completing and obtaining approval of the meter application within six months of submittal.

Traffic Control (when required): \$2,000

Drop-In Fire Service Meter:	<u>3/4"</u> \$811	<u>1"</u> \$743
-----------------------------	----------------------	--------------------

Fire Sprinkler Tee Charge (1 inch Residential): \$426

1-Inch Residential Fire Sprinkler Meter Tee:

1. 1-inch residential fire sprinkler tee charge is for modifying a 3/4-inch or 1-inch standard meter service to add a 1-inch residential Fire Service Meter. Installation of Fire Meters on larger service laterals would be charged on a time and material basis.
2. 3/4-inch Drop-In Fire Service Meter charge applies to the installation of a 3/4-inch tattletale meter on commercial detector check assemblies.
3. 1-inch Drop-In Fire Service Meter charge applies only to 1-inch fire meter installations for residential sprinkler systems that are installed concurrently with the domestic service meters.
4. Service Valve. Upon installation of a water service, a valve will be located on the edge of the customer's property and is there only to assist in making initial connection and emergency shutoffs. The District will use it for turn-offs when necessary. It is required that a valve also be installed in the customer's system for control purposes.

Per Ordinance No. 2024-04 Adopted 04/01/24/Effective 07/01/24 [Sec. 160.4(a)]

Per Ordinance No. 2023-06 Adopted 06/19/23 [Sec. 160.4(c)]

Per Ordinance No. 2022-07 Adopted 05/16/22 [Sec. 160.4(a)]

Per Ordinance No. 2021-02 Adopted 04/19/21 [Sec. 160.4(a)]

Per Ordinance No. 2020-08 Adopted 07/06/20 [Sec. 160.4(a)]

Article 160 Water Service - Rules and Regulations (Cont'd.)

Sec. 160.12 Backflow Prevention Devices. The State Health Department requires the District to comply with Title 17 of the California Administrative Code to have a Backflow Prevention Program. The District, since 1978, has had an active on-going cross connection control program through field inspections, file audits and a questionnaire filled out when service is initiated or transferred. Approved backflow devices will be installed adjacent to all new meter services by the District. Existing services that do not have the approved backflow device will receive notification from the District requiring them to purchase and install the proper device. The backflow device will be available for purchase at the District office, but it will be the responsibility of the property owner to install the device.

Should an existing customer's use of the meter service connection be changed in such a way as to require installation of a Reduced Pressure Device or an Approved Double Check Device in order to meet the requirements of this section, it is the customer's responsibility to notify the District immediately. Purchase of the required device or parts can be made through the District, but the responsibility of installation is that of the customer. If the changes are not made within 30 days after proper notification, service may be interrupted.

The following approved backflow devices are required under the following conditions:

- (a) Approved Double Check Valves. (The District's recognized approved list of devices is available at the District's office.)
 - 1. On all services not requiring an approved Reduced Pressure Device.
 - 2. On all service having a fire protection system. The Double Check Valves required in this section must be installed above ground with the same clearance required for the installation of the Approved Reduced Pressure Backflow Device. These devices shall be tested on an annual basis at the owner's expense.

- (b) Approved Reduced Pressure Backflow Device. (The District's recognized approved list of devices is available at the District's office.)
 - 1. Anywhere that fertilizer, livestock, medication or a vaccine, etc. is or may be introduced into the water system.
 - 2. Anywhere a mortuary or commercial laundry facility is operated.

Per Ordinance No. 2018-02 Adopted 2/20/18 [Sec. 160.12(a)&(b)]
Per Ordinance No. 2004-12 Adopted 7/6/04 [Sec. 160.12]
Per Ordinance No. 2004-12 Adopted 7/6/04 [Sec. 160.12(b)(2&3)]

Article 160 Water Service - Rules and Regulations (Cont'd.)

Sec. 160.12 Backflow Prevention Devices (Cont'd)

3. Any chemical processing plants, dairies, dental office, medical office, hospital/medical clinic, parks or campgrounds with dumps for recreational vehicles, nurseries, flower growers, green belt irrigation area, home health care, assisted living facility, strip mall, commercial/industrial building and veterinarian offices, and any property with an auxiliary water system or private well.
 4. Anywhere that toxic concentrations of dangerous materials, insecticides, weed killing, etc. are being introduced into the system.
 5. Anywhere reclaimed water is used.
- (c) Approved Air-Gap Separation. *(This device is not obtainable at the District's office.)*
1. Anywhere a sewage treatment plant is operated unless a reduced pressure backflow device is approved by the District.
- (d) Fee Schedule. At the time of installation, inspection and testing by District personnel will be required. All devices will be inspected annually and repaired as necessary by the District and charged to the customer accordingly. The charges for installation, annual inspection and repairs are as follows:

FEE SCHEDULE

Meter Size	Approved Double Check Valve Section 160.12(a)1	Approved Double Check Valve Section 160.12(a)2	Approved Reduced Pressure Backflow Preventer §160.12(b)	Approved RP With Domestic Service Tee Section 160.12(b)	Annual Inspection Charge – Backflow for Water Meter	Annual Inspection Charge – Backflow for Fire Meter	Repair Fees
3/4"	\$439	\$607	\$914	\$1,175	\$51	\$34	\$0
	\$446	\$612	\$928	\$1,200			
1"	\$505	\$727	\$1,031	\$1,308	\$51	\$34	\$0
	\$518	\$739	\$1,068	\$1,354			
1.5"	\$941	\$1,339	\$1,557 \$1,571	\$1,861 \$1,882	\$51	\$34	\$0
2"	\$984	\$1,540	\$1,876	\$2,208 \$2,210	\$51	\$34	\$0
3"	\$1,229	\$2,513	\$4,428	\$5,001	\$51	\$34	\$0
		\$2,823	\$4,691	\$5,264			

Per Ordinance No. 2024-04 Adopted 04/01/24/Effective 07/01/24 [Sec. 160.12(d)]
 Per Ordinance No. 2023-04 Adopted 6/5/2023 [Sec. 160.12(d)]
 Per Ordinance No. 2022-06 Adopted 05/16/2022 [Sec. 160.12(d)]
 Per Ordinance No. 2021-04 Adopted 05/03/2021 [Sec. 160.12(d)]
 Per Ordinance No. 2021-02 Adopted 04/19/2021 [Sec. 160.12(d)]
 Per Ordinance No. 2020-08 Adopted 7/6/20 [Sec. 160.12(d)]
 Per Ordinance No. 98-01 Adopted 2/2/98 [Sec. 160.12(c)(1)]

Article 160 Water Service - Rules and Regulations (Cont'd.)

Sec. 160.20 Pressure Reducing Valves.

- (a) Customer Responsibility. The District shall assume no responsibility for water pressure regulation within a customer's service area. The customer shall be responsible for providing adequate safeguard measures for the customer's water system wherever pressure regulation is necessary.
- (b) Requirement for Installation in New Construction. Customers making application for water service for new construction for residential, commercial or industrial use shall be required to install an appropriate pressure regulation device for such service in accordance with the California Plumbing Code.
- (c) High System Pressure. If water pressure at the meter location is over 175 PSI, a Pressure Reducing Valve (PRV) must be installed on the District's side of the meter at the customer's expense.

The District shall install the required Pressure Reducing Valve (PRV) for the following cost to the customer:

<u>Meter Size</u>	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>
Cost for PRV ¹	\$143 \$157	\$157 \$175	\$1,318 \$1,357	\$1,571	N/A
Cla-Valve ²	N/A	N/A	N/A	\$3,315	\$3,043

¹ Standard PRV

² Cla-Valve Regulator for Higher Discharge Pressure than Standard PRV

Sec. 160.21 Meter Testing. When a customer advises the District that he feels his meter is registering inaccurately and District personnel have checked the complaint and feel the meter is working properly, the customer may, by making a \$55.00 deposit with the District, have his meter tested on the District's calibrated test bench. If the meter is found to be registering at a rate between 100.5% and 103%, the deposit will be returned to the customer and the water bill being disputed shall be adjusted to reflect the percentage over 100%. If the meter is found to be registering accurately (or low), the deposit will be retained by the District to help offset the labor cost of pulling and testing the meter. The deposit noted above may be waived by the District one time per owner at the discretion of the District.

If the meter is registering higher than 103%, an estimated bill shall be determined in the following manner (same as a Stuck Meter - Section 160.5-b).

- Per Ordinance No. 2024-04 Adopted 04/01/2024/Effective 07/01/24 [Sec. 160.19(c)]
- Per Ordinance No. 2023-04 Adopted 06/05/2023 [Sec. 160.19(c)]
- Per Ordinance No. 2022-07 Adopted 05/16/2022 [Sec. 160.19(c)]
- Per Ordinance No. 2021-02 Adopted 04/19/2021 [Sec. 160.20(c)]
- Per Ordinance No. 2020-08 Adopted 7/6/20 [Sec. 160.20(c)]
- Per Ordinance No. 2012-09 Adopted 10/15/12 [Sec. 160.20(a)(b)]
- Per Ordinance No. 2009-10 Adopted 7/20/09 [Sec. 160.21]

May 19, 2025

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, General Manager

**SUBJECT: WATER METER CAPACITY AND ANNEXATION CHARGE
RECOMMENDATION FOR FY 2025-2026**

PURPOSE:

Present to the Board of Directors preliminary findings regarding the proposed Valley Center Municipal Water District (“District”) Water Meter Capacity Charges (“Meter Capacity Charges”) and Annexation Charge and related Administrative Code modifications. Request the Board of Directors approve the public notice setting the public hearing time and date to consider the proposed revisions to the Meter Capacity and Annexation Charges and related Administrative Code modifications.

SUMMARY:

Meter Capacity and Annexation Charges are collected for new water meters purchased from the District and for properties requesting annexation to the District. The last adjustment to the District’s Meter Capacity and Annexation Charge was approved in June 2024. The recommendations are based on the water system and non-facility asset values as of June 30, 2024. These values support a 32.5% increase in the Meter Capacity Charges and a 1.0% Increase in the Annexation Charge.

Modifications to the approach since last year include the following:

- Added Value of Capital Improvements completed during the year.
- Updated Asset Values to reflect the current Replacement Cost New Less Depreciation value.
- Updated the percentage of the Asset Values related to Usage Based Revenue vs Land Based Revenue.
- Updated the Equivalent ¾-inch meter count.

Staff will incorporate the Board’s discussion and direction from this meeting into the final recommendation to be presented in a public hearing held at the June 16, 2025, Board meeting. If approved at that time, the Meter Capacity and Annexation Charges would become effective July 1, 2025.

Methodology

The methodology used for determining the recommendations are a “Buy-In” approach to the Water System Asset Value for the Meter Capacity Charge and the Corporate Asset Value for the Annexation Charge. The “Buy-In” components are based on a determination of the water facility’s Replacement Cost New Less Depreciation (“RCNLD”) valuation and applicable reserve balances as of June 30, 2024. This “Buy-In” methodology is in accordance with recommendations included in the AWWA Manual of Water Supply Practices entitled, “M1 - Principles of Water Rates, Fees, and Charges.” Meter Capacity Charge revenues collected under this methodology can be used for capital replacement or investment in expansion projects. An additional incremental charge for funded projects that have a substantial benefit to new connections within a specific, clearly defined, service area is added to the Meter Capacity Charges for properties in those specific areas.

Water Meter Capacity Charge

Buy-in Component Calculation – The buy-in calculation for determining the Meter Capacity Charge is a result of the following calculation, utilizing values as of the end of FY 2023-2024:

$$\frac{\text{Value of Water System Assets}}{\text{Number of Equivalent } \frac{3}{4}\text{-inch Meter Connections}}$$

Key considerations in determining the value of the water system assets include adjustments made to the useful life of the facility assets, not considering contributed capital and adjustments for the amount of the asset value attributable to Usage Based Revenue (Water Commodity and Meter Service Charges) versus Land Based Revenue (Property Tax and Availability Charges).

Usage Based Revenue vs Land Based Revenue – As in previous years, the Water Facility Value used for the meter capacity charge and annexation charge was adjusted based on the estimated ratio of the between water sales revenue and Property Tax and Availability Charge Revenues. With this year’s recommendation, the Water Facility Asset Values were used in the calculations were modified to reflect the source of the revenue from District customers that contributed to the Asset Value. Usage Based Revenue (consisting of net water commodity charge and meter service charge revenues) was used for the Meter Capacity Charge and Land Based Revenue (Property Tax and Availability Charge Revenue) for the Annexation Charge. Other Revenue (Interest Earnings, Penalties, Fire Meter Service Charges, etc.) were not considered in the meter capacity charge or annexation charge revenues. This modification resulted in nearly the same percentage of Usage Based Revenue from previous year’s, but significantly reduced the percentage for Land Based Revenue, resulting in a lower annexation charge.

Updated Equivalent ¾-inch Meter Count - The equivalent meter count was modified from previous years to include only Active meter accounts. In prior years, InActive meters were included in the calculation for the number of total equivalent connections, as those meters had a capacity commitment in the distribution system. Customers could request to convert

their status from InActive to Active at minimal cost. No revenue is collected from InActive meter accounts. Considering that the basis for the new meter buy in calculation is to match the investment of the current District customers, it was determined to be inappropriate to include InActive meters in the total equivalent meter count. Including the InActive meters in the overall equivalent meter count kept the new meter buy in amount artificially low.

The calculation for the total number of equivalent ¾-inch meters remains based on the ratio of the Maximum Safe Operating Capacity of each meter size. However, using only Active accounts reduced the total number of equivalent meters, resulting in a higher meter capacity charge. With this change in methodology, the District’s meter capacity charge ranking compared to other agencies has moved closer to the overall average, as indicated in the attached Water Meter Capacity Comparison Chart.

Proposed Water Meter Capacity Charge – The Meter Capacity Charge recommendation from the described evaluation results in a 32.5% increase in the ¾-inch Meter Capacity Charge, from \$5,705 charge to \$7,559. The following table summarizes the asset values used in determining the proposed water meter capacity charge.

Meter Capacity Charge Summary			
ITEM	WATER SYSTEM ASSETS	FINAL WATER SYSTEM VALUE (as of 06/30/2023)	FINAL WATER SYSTEM VALUE (as of 06/30/2024)
1	Debt Service Reserve	\$220,421	\$220,421
2	Capacity Charge Reserve (Unallocated Funds)	\$0	\$403,553
3	Capital Improvement Reserve (Unallocated Funds)	\$2,125,000	\$0
4	Continuing Projects Reserve (Carry Over to Next FY)	\$6,640,403	\$5,524,669
5	Construction in Progress (Funds Spent to Date on Projects not yet Complete)	\$5,787,872	\$5,563,075
6	Inventory	\$1,366,400	\$1,153,904
7	Land - (not including Corporate Facility Land and District Annexation Fees to MWD and SDCWA)	\$2,132,980	\$2,132,980
8	Water System Facilities (RCNLD)	\$159,631,893	\$205,915,404
Subtotal Water System Facilities Assets		\$177,904,970	\$220,914,006
Less Outstanding Capital Improvement Debt		(\$2,754,885)	(\$9,673,574)
Subtotal Water System Assets		\$175,150,085	\$211,240,432
Percentage of Total Revenue from Water Sales and Service Charges		60.0%	59.9%
Total Water System Asset Value Related to Capacity Charge		\$105,090,051	\$126,516,120
Equivalent Connections		18,763	16,737
Recommended Water Meter Capacity Charge		\$5,705	\$7,559
Effective		FY 2024-2025	FY 2025-2026
Percent Increase from Previous FY		0.0%	32.5%

The current meter capacity charge for a ¾-inch meter equivalent is \$5,705. Changes in the Water Facilities Assets in FY 2023-2024 and equivalent meter count support a 32.5% increase in the proposed meter capacity charge to \$7,559 for a ¾-inch meter equivalent for FY 2025-2026.

The meter capacity charge for each meter size is increased by the ratio of the Maximum Safe Operating Capacity to the capacity of the ¾-inch meter, as indicated in the following table.

Water Meter Capacity Ratios					
DESCRIPTION	Meter Size				
	¾-inch	1-inch	1 ½-inch	2-inch	3-inch
Maximum Rated Safe Operating Flow Rate (gpm)	30	50	100	160	350
Meter Equivalent Ratio	1.0000	1.6667	3.3333	5.3333	11.6667

The following table summarizes the proposed Meter Capacity Charges for the various meter sizes to be presented for consideration at the public hearing.

Water Meter Capacity Charge Summary					
Meter Size	¾-inch	1-inch	1 ½-inch	2-inch	3-inch
Current Capacity Charge	\$5,705	\$9,509	\$19,016	\$30,426	\$66,559
Proposed Increase	\$1,854	\$3,090	\$6,180	\$9,888	\$21,630
Proposed Capacity Charge	\$7,559	\$12,599	\$25,196	\$40,314	\$88,189
Percent Increase	32.5%	32.5%	32.5%	32.5%	32.5%

Incremental Charges

An Incremental Component to the Meter Capacity Charge is added for projects either 1) constructed by the District that benefit future connections in a specific area or 2) for contributed capital projects (Developer Projects with Reimbursement Agreements) that benefit future connections in a specific area. Where an Incremental Component applies, a Specific Benefit Area (“SBA”) is established and a Specific Benefit Area Capacity Charge (“SBACC”) is separately approved, conceptually during the project approval process based on estimated project costs, with final approval after project completion when all project costs are known. The SBACC is only applied, in addition to the Meter Capacity Charge, for new meters requested for properties located within an SBA.

The proposed incremental charges for the current SBAs are summarized in the following table.

Specific Benefit Area Capacity Charges						
SPECIFIC BENEFIT AREA (SBA) DESCRIPTION	Original Project Value	Total Project Value (6/30/2023) (RCNLD) ¹	Total Project Value (6/30/2024) (RCNLD) ¹	SBA Build Out (Equivalent ¼-inch meter)	SPECIAL BENEFIT AREA CAPACITY CHARGE (per equivalent ¼ inch meter)	Percent Change from Previous Year
High Mountain Waterline	\$181,940	\$227,207	\$228,586	168	\$1,361	0.61%
Wilkes Road Waterline	\$712,620	\$794,708	\$799,026	362	\$2,207	0.54%
Via Piedra Waterline Extension - Total	\$571,203	\$571,203	\$571,203	37	N/A	0.00%
Via Piedra Waterline Extension - Subarea A	\$3,656	\$3,656	\$3,656	10	\$366	0.00%
Via Piedra Waterline Extension - Subarea B	\$73,611	\$73,611	\$73,611	6	\$12,268	0.00%
Via Piedra Waterline Extension - Subarea C	\$493,936	\$493,936	\$493,936	21	\$23,521	0.00%

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

The RCNLD asset value for the projects is adjusted each year based on the Engineering News Record Construction Cost Index and an additional year of depreciation. The factors resulted in an average 0.56% increase for the District’s projects from the previous year.

Proposed Annexation Charge

Owners of property outside the District, requesting annexation, have not paid District Availability Charges or Property Taxes that benefited the District. Payment of the District’s Annexation Charge is intended to bring the property requesting annexation to an equal equity investment level in the District assets as existing customers within the District. Using a similar “Buy-In” methodology as the Meter Capacity Charges, the Annexation Charge is determined as described in the District’s Administrative Code Article 220.6. The portion of the water facility asset value used in determining the Annexation Charge is based on the ratio of the Land Based Revenue to the Total Revenue. Modifications to the methodology in determining the Usage and Land Based Revenue ratios as previously described have resulted in a lower portion of the water facility asset value being included in the calculation

for the annexation charge. This modification resulted in a slight increase (1.0%) in the proposed annexation charge from \$1,443 per acre to \$1,457 per acre for FY 2025-2026

The following table summarizes the asset values used to determine the Annexation Charge:

Annexation Charge Summary			
ITEM	ASSET DESCRIPTION	FINAL CORPORATE ASSET VALUE (as of 06/30/2023)	FINAL CORPORATE ASSET VALUE (as of 06/30/2024)
1	Facility Assets from Land Based Revenue (Divided by Non-Exempt Acreage)	\$70,060,034	\$69,750,319
2	Corporate Assets		
2(A)	Corporate Non-Facility Assets	\$6,161,922	\$6,534,856
2(B)	Corporate Facility Assets (Buildings)	\$3,914,576	\$3,919,608
2(C)	Land Associated with Corporate Facility Assets	\$1,712,071	\$1,712,071
2	Total Corporate Assets from All Sources of Revenue (Divided by Non-Exempt Acreage plus Exempt Acreage with Service)	\$11,788,570	\$12,166,536
	Total Corporate Assets Related to Annexation Charges	\$81,848,603	\$81,916,855
	Total Non-Exempt District Acreage	56,306	55,805
	Total Non-Exempt Acreage plus Exempt Acreage with Service	59,170	58,626
	Annexation Charge (\$/Acre)	\$1,443	\$1,457
	Percent Increase from Previous FY	1.8%	1.0%

Administrative Code Modifications – Once approved at the public hearing, Sections 160.4(c) and 220.2(e) of the District’s Administrative Code would need to be modified to reflect the approved changes in the Meter Capacity Charges and Annexation Charge.

RECOMMENDATION:

After discussion and consideration of the amount of Meter Capacity Charge increase for FY 2025-2026, staff recommends the Board of Directors:

- Provide direction on whether to implement the Meter Capacity Charge increase at one time or spread the increase over two or more years, and
- Set the date of the public hearing to consider approval of the recommended water meter capacity and annexation charges and related Administrative Code modifications for the June 16, 2025 Board Meeting, and direct staff to publish the appropriate notices incorporating any comments or revisions as directed by the Board.

PREPARED BY:



Wally Grabbe
District Engineer

SUBMITTED BY:

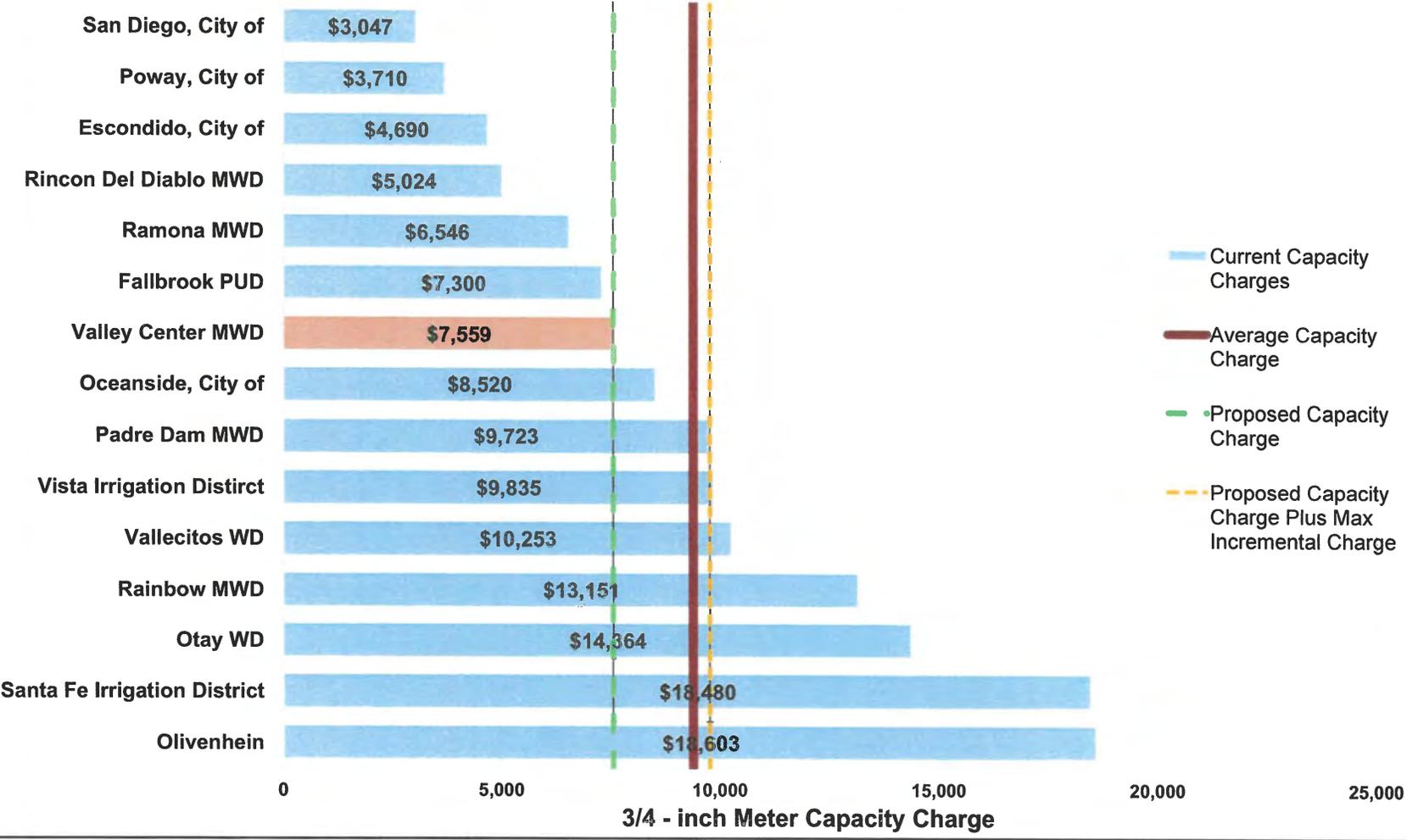


Gary Arant
General Manager

Attachments:

Attachment 1 – Water Meter Capacity Charge Comparison Chart
Attachment 2 – Draft Public Notice

Water Meter Capacity Charge Comparison



VALLEY CENTER MUNICIPAL WATER DISTRICT
NOTICE TO AMEND
WATER METER CAPACITY AND ANNEXATION CHARGES

NOTICE IS HEREBY GIVEN THAT on Monday, June 16, 2025, at 2:00 p.m., the Board of Directors of the Valley Center Municipal Water District (“District”) at their regularly scheduled Board Meeting will consider proposed changes to the Water Meter Capacity Charges and Annexation Charge assessed by the District.

The methodology for determining the Water Meter Capacity Charges and Annexation Charge recommendations are a “Buy-In” approach to the value of specific benefit area (SBA) facilities for the Water Meter Capacity Charges and the corporate asset value for the Annexation Charge. The “Buy-In” components are based on a determination of the fixed asset valuation and applicable reserve balances as of June 30, 2024. The proposed charges are shown in the following tables:

Water Meter Capacity Charge Summary					
Meter Size	¾-inch	1-inch	1 ½-inch	2-inch	3-inch
Current Capacity Charge	\$5,705	\$9,509	\$19,016	\$30,426	\$66,559
Proposed Increase	\$1,854	\$3,090	\$6,180	\$9,888	\$21,630
Proposed Capacity Charge	\$7,559	\$12,599	\$25,196	\$40,314	\$88,189
Percent Increase	32.5%	32.5%	32.5%	32.5%	32.5%

Incremental Capacity Charges for Specific Benefit Areas Summary			
SPECIFIC BENEFIT AREA (SBA) DESCRIPTION	SPECIAL BENEFIT AREA CAPACITY CHARGE (per equivalent ¾ inch meter)		Percent Increase
	Existing	Proposed	
High Mountain Waterline	\$1,352	\$1,361	0.67%
Wilkes Road Waterline	\$2,195	\$2,207	0.55%
Via Piedra Waterline Extension			
Subarea A	\$366	\$366	0.00%
Subarea B	\$12,268	\$12,268	0.00%
Subarea C	\$23,521	\$23,521	0.00%

Annexation Charge Summary Table			
	Current	Proposed	Percent Increase
Annexation Charge (\$/Acre)	\$1,443	\$1,457	1.0%

Documentation for the proposed charges are available upon request from the District, and can be viewed in the District’s Administrative Office at 29300 Valley Center Road, 7:00 a.m. to 4:30 p.m., Monday through Thursday and 7:00 a.m. to 3:30 p.m., Friday. A written protest to the proposed increases may be filed with the Board Secretary of the District at 29300 Valley Center Road, Valley Center, CA (mailing address: P.O. Box 67, Valley Center, CA 92082) any time prior to the hour set for the meeting.

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

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

Members of the public who wish to address the Board of Directors under “Audience Comments/ Questions” 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 Those Attending In-Person: 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 is required to be submitted to the Board Secretary prior to the 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 the public comment period for that item closes at the meeting, email your comments to the Board Secretary at publiccomments@vcmwd.org, and the comments 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 Office located at 29300 Valley Center Road, Valley Center, CA 92082, for receipt no later than 1:00 p.m., on meeting day.

These public comment procedures supersede the District’s standard 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 twenty-four (24) hours in advance of the meeting by email to the Board Secretary at kperaino@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.

Any protest submitted via email or other electronic means will not be accepted as a formal written protest.

At the time stated above, the Board of Directors shall hear and consider all objections or protests, if any, to the proposed increase in charges and may continue the hearing from time to time. Upon the conclusion of the hearing, the Board may adopt, revise, change, reduce or modify the increases, or overrule any or all objections. If approved, the new Water Meter Capacity Charges and Annexation Charge will take effect July 1, 2025.

Gary Arant
General Manager

May 29 & June 5, 2025

May 19, 2025

TO: Board of Directors

FROM: Gary Arant, General Manager

SUBJECT: APPROVAL OF ORDINANCE 2025-04, ADOPTING A SALARY RANGE FOR THE GENERAL MANAGER POSITION

PURPOSE:

Provide the Board with the opportunity to amend Article 8, Section 8.9 (c), *Compensation and Compensation Plan*, adopting a salary range for the General Manager position. The current General Manager's salary is set by a specific provision of the employment agreement with the District and listed in the Compensation Plan.

California law requires that the salary the employer reasonably expects pay is included in any recruitment postings. In anticipation of the upcoming recruitment, the District needs to set a salary range which will be used for purposes of recruitment.

SUMMARY:

To comply with CalPERS law, a publicly approved salary schedule is required to be adopted for each public employee position, including that of the General Manager. All District positions, with the exception of the General Manager, are currently listed as a salary range and the General Manager position is listed as a single salary. As proposed, the amendment to the Administrative Code, Article 8, Section 8.9 (c) would list the salary for the General Manager as \$265,000 to \$295,000. This action will have no impact on the compensation for the current General Manager, as the current compensation is set by the employment agreement with the General Manager, and the current salary is within the proposed salary range.

RECOMMENDATION

After review and discussion, if so desired, approve Ordinance No. 2025-04 amending Article 8, Section 8.9 (c) of the District's Administrative Code.

SUBMITTED BY:



Gary Arant
General Manager

Attached:

Proposed Ordinance No. 2025-04, and amended Article 8, Section 8.9 (c)

ORDINANCE NO. 2025-04

**ORDINANCE OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE TO PROVIDE
FOR CHANGES IN THE COMPENSATION POLICY –
POSITION CLASSIFICATIONS AND SALARY RANGES**

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

Section 1. The VALLEY CENTER MUNICIPAL WATER DISTRICT Administrative Code be and is amended to provide for changes in the District's Classification and Compensation Plan by modification of Article 8 Section 8.9 (c) Salary Schedule as set forth in "Exhibit A" attached hereto.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Valley Center Municipal Water District held on the 19th day of May 2025, by the following vote, to wit:

Enrico Ferro, *Board President*

ATTEST:

Kirsten Peraino, *Board Secretary*

Article 8 Sec. 8.9(c) Salary Ranges
 Updated with 4.75% COLA - Effective 6/28/24, Mid-Shift

RANGE NO.	BIWEEKLY SALARY RANGE		MONTHLY SALARY RANGE		YEARLY SALARY RANGE		HOURLY SALARY RANGE	
	MIN	MAX	MIN	MAX	MIN	MAX	MIN	MAX
Gen Mgr *	\$10,192.31	\$11,346.15	\$22,083.33	\$24,583.33	\$265,000.00	\$295,000.00	\$127.404	\$141.827
37.6	\$6,948.64	\$9,280.48	\$15,055.39	\$20,107.71	\$180,664.64	\$241,292.48	\$86.858	\$116.006
37.5	\$6,856.32	\$9,188.16	\$14,855.36	\$19,907.68	\$178,264.32	\$238,892.16	\$85.704	\$114.852
37.0	\$6,691.12	\$8,966.72	\$14,497.43	\$19,427.89	\$173,969.12	\$233,134.72	\$83.639	\$112.084
36.6	\$6,622.16	\$8,842.96	\$14,348.01	\$19,159.75	\$172,176.16	\$229,916.96	\$82.777	\$110.537
36.5	\$6,529.84	\$8,750.64	\$14,147.99	\$18,959.72	\$169,775.84	\$227,516.64	\$81.623	\$109.383
36.0	\$6,372.48	\$8,539.76	\$13,807.04	\$18,502.81	\$165,684.48	\$222,033.76	\$79.656	\$106.747
35.5	\$6,218.88	\$8,333.92	\$13,474.24	\$18,056.83	\$161,690.88	\$216,681.92	\$77.736	\$104.174
35.0	\$6,069.04	\$8,133.04	\$13,149.59	\$17,621.59	\$157,795.04	\$211,459.04	\$75.863	\$101.663
34.5	\$5,922.80	\$7,937.04	\$12,832.73	\$17,196.92	\$153,992.80	\$206,363.04	\$74.035	\$99.213
34.0	\$5,780.00	\$7,745.76	\$12,523.33	\$16,782.48	\$150,280.00	\$201,389.76	\$72.250	\$96.822
33.5	\$5,640.72	\$7,559.12	\$12,221.56	\$16,378.09	\$146,658.72	\$196,537.12	\$70.509	\$94.489
33.0	\$5,504.80	\$7,376.96	\$11,927.07	\$15,983.41	\$143,124.80	\$191,800.96	\$68.810	\$92.212
32.5	\$5,372.16	\$7,199.20	\$11,639.68	\$15,598.27	\$139,676.16	\$187,179.20	\$67.152	\$89.990
32.0	\$5,242.64	\$7,025.68	\$11,359.05	\$15,222.31	\$136,308.64	\$182,667.68	\$65.533	\$87.821
31.5	\$5,116.32	\$6,856.32	\$11,085.36	\$14,855.36	\$133,024.32	\$178,264.32	\$63.954	\$85.704
31.0	\$4,993.04	\$6,691.12	\$10,818.25	\$14,497.43	\$129,819.04	\$173,969.12	\$62.413	\$83.639
30.5	\$4,872.72	\$6,529.84	\$10,557.56	\$14,147.99	\$126,690.72	\$169,775.84	\$60.909	\$81.623
30.0	\$4,755.28	\$6,372.48	\$10,303.11	\$13,807.04	\$123,637.28	\$165,684.48	\$59.441	\$79.656
29.5	\$4,640.64	\$6,218.88	\$10,054.72	\$13,474.24	\$120,656.64	\$161,690.88	\$58.008	\$77.736
29.0	\$4,528.80	\$6,069.04	\$9,812.40	\$13,149.59	\$117,748.80	\$157,795.04	\$56.610	\$75.863
28.5	\$4,419.68	\$5,922.80	\$9,575.97	\$12,832.73	\$114,911.68	\$153,992.80	\$55.246	\$74.035
28.0	\$4,313.20	\$5,780.00	\$9,345.27	\$12,523.33	\$112,143.20	\$150,280.00	\$53.915	\$72.250
27.5	\$4,209.20	\$5,640.72	\$9,119.93	\$12,221.56	\$109,439.20	\$146,658.72	\$52.615	\$70.509
27.0	\$4,107.76	\$5,504.80	\$8,900.15	\$11,927.07	\$106,801.76	\$143,124.80	\$51.347	\$68.810
26.5	\$4,008.80	\$5,372.16	\$8,685.73	\$11,639.68	\$104,228.80	\$139,676.16	\$50.110	\$67.152
26.0	\$3,912.16	\$5,242.64	\$8,476.35	\$11,359.05	\$101,716.16	\$136,308.64	\$48.902	\$65.533
25.5	\$3,817.92	\$5,116.32	\$8,272.16	\$11,085.36	\$99,265.92	\$133,024.32	\$47.724	\$63.954
25.0	\$3,725.84	\$4,993.04	\$8,072.65	\$10,818.25	\$96,871.84	\$129,819.04	\$46.573	\$62.413
24.5	\$3,636.08	\$4,872.72	\$7,878.17	\$10,557.56	\$94,538.08	\$126,690.72	\$45.451	\$60.909
24.0	\$3,548.48	\$4,755.28	\$7,688.37	\$10,303.11	\$92,260.48	\$123,637.28	\$44.356	\$59.441
23.5	\$3,462.96	\$4,640.64	\$7,503.08	\$10,054.72	\$90,036.96	\$120,656.64	\$43.287	\$58.008
23.0	\$3,379.52	\$4,528.80	\$7,322.29	\$9,812.40	\$87,867.52	\$117,748.80	\$42.244	\$56.610
22.5	\$3,298.08	\$4,419.68	\$7,145.84	\$9,575.97	\$85,750.08	\$114,911.68	\$41.226	\$55.246
22.0	\$3,218.56	\$4,313.20	\$6,973.55	\$9,345.27	\$83,682.56	\$112,143.20	\$40.232	\$53.915
21.5	\$3,140.96	\$4,209.20	\$6,805.41	\$9,119.93	\$81,664.96	\$109,439.20	\$39.262	\$52.615
21.0	\$3,065.28	\$4,107.76	\$6,641.44	\$8,900.15	\$79,697.28	\$106,801.76	\$38.316	\$51.347
20.5	\$2,991.44	\$4,008.80	\$6,481.45	\$8,685.73	\$77,777.44	\$104,228.80	\$37.393	\$50.110
20.0	\$2,919.36	\$3,912.16	\$6,325.28	\$8,476.35	\$75,903.36	\$101,716.16	\$36.492	\$48.902
19.5	\$2,848.96	\$3,817.92	\$6,172.75	\$8,272.16	\$74,072.96	\$99,265.92	\$35.612	\$47.724
19.0	\$2,780.32	\$3,725.84	\$6,024.03	\$8,072.65	\$72,288.32	\$96,871.84	\$34.754	\$46.573
18.5	\$2,713.28	\$3,636.08	\$5,878.77	\$7,878.17	\$70,545.28	\$94,538.08	\$33.916	\$45.451
18.0	\$2,647.92	\$3,548.48	\$5,737.16	\$7,688.37	\$68,845.92	\$92,260.48	\$33.099	\$44.356
17.5	\$2,584.08	\$3,462.96	\$5,598.84	\$7,503.08	\$67,186.08	\$90,036.96	\$32.301	\$43.287
17.0	\$2,521.84	\$3,379.52	\$5,463.99	\$7,322.29	\$65,567.84	\$87,867.52	\$31.523	\$42.244
16.5	\$2,461.04	\$3,298.08	\$5,332.25	\$7,145.84	\$63,987.04	\$85,750.08	\$30.763	\$41.226
16.0	\$2,401.76	\$3,218.56	\$5,203.81	\$6,973.55	\$62,445.76	\$83,682.56	\$30.022	\$40.232
15.5	\$2,343.84	\$3,140.96	\$5,078.32	\$6,805.41	\$60,939.84	\$81,664.96	\$29.298	\$39.262
15.0	\$2,287.36	\$3,065.28	\$4,955.95	\$6,641.44	\$59,471.36	\$79,697.28	\$28.592	\$38.316
14.5	\$2,232.24	\$2,991.44	\$4,836.52	\$6,481.45	\$58,038.24	\$77,777.44	\$27.903	\$37.393
14.0	\$2,178.48	\$2,919.36	\$4,720.04	\$6,325.28	\$56,640.48	\$75,903.36	\$27.231	\$36.492
13.5	\$2,126.00	\$2,848.96	\$4,606.33	\$6,172.75	\$55,276.00	\$74,072.96	\$26.575	\$35.612
13.0	\$2,074.72	\$2,780.32	\$4,495.23	\$6,024.03	\$53,942.72	\$72,288.32	\$25.934	\$34.754
12.5	\$2,024.72	\$2,713.28	\$4,386.89	\$5,878.77	\$52,642.72	\$70,545.28	\$25.309	\$33.916
12.0	\$1,975.92	\$2,647.92	\$4,281.16	\$5,737.16	\$51,373.92	\$68,845.92	\$24.699	\$33.099
11.5	\$1,928.32	\$2,584.08	\$4,178.03	\$5,598.84	\$50,136.32	\$67,186.08	\$24.104	\$32.301
11.0	\$1,881.84	\$2,521.84	\$4,077.32	\$5,463.99	\$48,927.84	\$65,567.84	\$23.523	\$31.523
10.5	\$1,836.48	\$2,461.04	\$3,979.04	\$5,332.25	\$47,748.48	\$63,987.04	\$22.956	\$30.763
10.0	\$1,792.24	\$2,401.76	\$3,883.19	\$5,203.81	\$46,598.24	\$62,445.76	\$22.403	\$30.022

May 19, 2025

TO: Honorable President and Board of Directors

FROM: Gary T. Arant, *General Manager*

SUBJECT: REVIEW OF WATER RATE SENSITIVITY TO VARIATIONS OF WATER SALES FOR THE FISCAL YEAR 2025-2026 BUDGET

PURPOSE:

To present additional information requested at the Board Meeting on May 5, 2025.

SUMMARY:

At the Board meeting of May 5, 2025, staff presented an overview of the budget assumptions and expense projections assumed in the preliminary Fiscal Year 2025-2026 operations and maintenance and capital budget. The Board requested additional information of Staff regarding the water rate sensitivity to variations of water sales. A PowerPoint presentation has been prepared and will be discussed at the May 19, 2025 Board meeting to provide an update to the Board as requested.

RECOMMENDATION:

This is an information item only. Staff is seeking input from the Board to incorporate in the Proposed Budget for Fiscal Year 2025-26.

PREPARED BY:


Vanessa Velasquez
Manager of Accounting & Deputy Dir. of Finance

APPROVED BY:


Gary T. Arant
General Manager

REVIEWED BY:


James V. Pugh
Director of Finance and Administration

May 19, 2025

TO: Board of Directors

FROM: Gary Arant, General Manager

SUBJECT: FY 2025-26 BUDGET CONSIDERATIONS – SDCWA FIXED TRANSPORTATION CHARGE AND WATER CAPITAL IMPROVEMENT CHARGE

PURPOSE:

Provide the Board with the opportunity for continued consideration of implementing a SDCWA Fixed Transportation Charge and a Water Capital Improvement Charge, and give direction to staff for further steps for possible implementation.

SUMMARY:

During the “Budget Assumptions and Expense Projection in the Proposed Fiscal Year 2025-26 Budget” presentation at the May 5, 2025 Board Meeting, staff included continued discussion of two additional fixed water charges: the SDCWA Fixed Transportation Charge and Water Capital Improvement Charge.

- **SDCWA Fixed Transportation Charge** – For the Calendar Year (“CY”) 2025 rates, the SDCWA collected 40% of their transportation costs from its member agencies as a fixed charge. As a result, VCMWD was billed \$1,450,000 for the SDCWA Fixed Transportation Charge, which was incorporated into the wholesale commodity cost of \$124 per AF, based upon 11,700 AF of sales. For CY 2026, the SDCWA plans to increase the Fixed Transportation Charge to 50% of their transportation costs. At the 50% level, VCMWD’s fixed transportation charge from the Authority will increase to an estimated \$2.01 million. This would be incorporated into the commodity rate at \$185 per AF, based on a cost recovery allocation over 11,250 AF of sales.

As previously discussed, the District’s SDCWA Fixed Transportation Charge could be fully or partially captured as an additional fixed charge on the monthly water bill. The charge could be implemented over a one, two, or three-year period, as follows:

Implementation Period	Monthly Charge ¾” Meter	Rate Offset / AF / Year \$ Per AF / %, Dom-Ag
1-Year	\$14.24 / Mo.	\$185 / 5.5% - 8.3%
2-Year	\$7.50 / Mo.	\$93 / 2.9% - 4.3%
3-Year	\$4.75 / Mo.	\$62 / 2.0% - 3.0%

It is also possible that the SDCWA will move to collect 60% of the Transportation costs in CY 2027. The two-year and three-year implementation numbers reflected above can be adjusted accordingly by future Board action if the SDCWA Fixed Transportation Charge is increased to 60%, as is currently intended.

Implementation – If the Board supports implementation of the SDCWA Fixed Transportation Charge for the FY 2025-26 Budget and Calendar Year 2026 Rate and Charges, whether in a single year or over multiple years, direction at this point would be timely for continued development of the budget document.

- **Water Capital Improvement Charge** – Another concept previously reviewed earlier, was the possible implementation of a District Water Capital Improvement Charge, similar to the Wastewater Capital Charge implemented two years ago for the Moosa Wastewater Service Area.

Staff would ask the Board to again consider adopting a **Water Capital Improvement Charge** to fund water system improvements. It is estimated that such a charge could generate the following amounts which would be contributed solely to CIP:

Monthly Charge (3/4" Meter*)	Annual Revenue <i>*Based on 9,109 active meters.</i>
\$5.00	\$730,000.00
\$10.00	\$1,460,000.00
\$12.00	\$1,750,000.00
\$15.00	\$2,190,000.00

As with the proposal for a SDCWA Transportation Fixed Charge, the Water Capital Improvement Charge, starting in CY 2026, could be phased in with the incremental amounts shown in the chart above.

In prior discussion, based upon current SRF interest rates (2.2%), it was pointed out these amounts could generate leveraged capital amounts as follows:

Capital Charge Revenue	20 Year Loan Leveraged Capital	30 Year Loan Leveraged Capital
\$730,000.00	\$11.8 M	\$15.9 M
\$1,400,000.00	\$22.5 M	\$30.0 M
\$1,700,000.00	\$27.4 M	\$37.1 M
\$2,200,000.00	\$35.4 M	\$48.0 M

Implementation – To be clear, the Water Capital Improvement Charge would be new revenue used to supplement current Standby / Water Availability and General Tax revenues, which are dedicated to funding the District CIP. The additional revenue would be used to expand and accelerate the District’s CIP Program and is not needed for the revenue and expenditure calculations for the FY 2025-26 Budget.

As previously discussed, this charge would be incorporated into a revised Capital Improvement Financing Plan to be developed by staff and presented to the Board, after adoption of the FY 2025-26 Budget. Revenues from such a charge, if implemented, could be used for “Pay Go” financing and / or to leverage bridge financing of SRF Loan Funding. These direct or leveraged funds could be used for the major capital replacement projects slated for FY 2025-26 and FY 2026-27, including the Old Castle Phase 2, North Broadway, and Cole Grade Phase 2. These issues and options will be explored in the revised Capital Improvement Financing Plan.

Overall Implementation Approach:

One approach is to select one of the two charges, either the SDCWA Fixed Transportation Charge or the Water Capital Improvement Charge, for implementation in FY 2025-26. However, it should be noted that each charge addresses a different financial need and should be evaluated in that context.

Alternatively, the Board could consider implementing both charges, phased in over a two- or three-year period, versus only selecting either the SDCWA Fixed Transportation Charge or the Water Capital Improvement Charge.

Discussion:

- **Fixed Transportation Charge** – This charge provides the advantages of shifting collection of the SDCWA Fixed Transportation Charge from a variable, declining, and increasingly less predictable commodity-based revenue stream to a more stable and predictable revenue source, i.e., the monthly water bill. More critically, this change will help to reduce the potential for under-collection of fixed charges from the SDCWA, as was experienced in FY 2022-23 and FY 2023-24.

During these two fiscal years, due to very wet conditions, water sales were well below budgeting estimates, even under the reduced levels used to cover the fixed costs from MWD and the SDCWA. As a result, the District experienced significant revenue losses in those two fiscal periods. This issue was partially addressed recently by collecting the MWD Readiness to Serve Charge and Capacity Reservation Charges as fixed charges on the monthly water bill, with the start of CY 2025.

- **Water Capital Improvement Charge** – Declining water sales and downward pressure on the ability to increase local rates sufficiently due to rapid and significant wholesale water and power cost increases have reduced revenues available for CIP. However, irrespective of these challenges, the District's needs for an ongoing CIP for an aging water system have not diminished, and in fact increase with each year the system grows older.

Since the adoption of the *2020 Long Range Financial Strategy*, funding for the District CIP has shifted from more of a cash-based "Pay Go" approach to the use of low-interest rate SRF Loan funding. This approach, with a low interest rate and issuance costs, provides for an overall reduced cost for financing capital improvements. However, SRF loans require upfront funding with District cash, with state reimbursement generally received 6-9 months later.

As envisioned by staff, funds from the Water Capital Improvement Charge could be used for additional "Pay Go" project funding, or to leverage short-term or long-term bridge financing for SRF Loans. Once the SRF reimbursements are secured and then District funds can be replenished. Reimbursed funds can be used to resolve short-term bridge financing (Bank Credit Line). If long-term financing (Bond/COP) has been used, reimbursed funds can be used to support the incurred long-term debt service, with most of the funds being rolled forward for "Pay Go" projects or to front an additional SRF Loan-funded capital project.

RECOMMENDATION

After review and discussion, if so desired, provide staff with Board direction on:

1. ***SDCWA Fixed Transportation Charge*** – Should this charge be implemented as part of the FY 2025-26 Budget, and if so, should implementation occur in a single year or phased in over multiple years?
2. ***Water Capital Improvement Charge*** – Should this charge be incorporated into a revised Capital Improvement Financing Plan to be approved by the Board as a possible funding mechanism for future CIP, to what amount, and in one year or phased in over multiple years?

SUBMITTED BY:



Gary Arant
General Manager

May 19, 2025

TO: Honorable President and Board of Directors
FROM: Gary T. Arant, *General Manager*
SUBJECT: LEGISLATIVE AND REGULATORY REPORT – May 2025

PURPOSE:

To provide the Board of Directors with an update on current and developing legislative and regulatory matters that may impact District operations.

SUMMARY:

Advanced Clean Fleets Regulation

The California Air Resources Board (CARB) continues to seek feedback from all interested stakeholders, including utility fleet owners, regarding the implementation of Assembly Bill 1594 Amendments to the Advanced Clean Fleets Regulation (ACF Amendments) prior to final CARB approval. CARB held a public hearing on March 24, 2025, regarding potential amendments, including the definition of public agency utility and utility-specialized vehicles, necessary changes to the Zero-Emission Vehicle Purchase & Daily Usage exemptions. Public comments are due December 31, 2025. Staff will continue to monitor for potential impacts to the District.

Assembly Bill 942 – Net energy metering; Eligible customer-generators

Assembly Bill 942 (AB 942), was introduced by Assembly Member Calderon and would disqualify eligible electrical utility customer-generators from receiving credits under existing net energy metering contracts or tariffs. AB 942 will require, beginning July 1, 2026, any eligible customer-generator under a NEM 1.0 or 2.0 contract for 10 years or more to transition to the current successor tariff adopted after December 1, 2022 (commonly known as the Net Billing Tariff from CPUC Decision 22-12-056). Essentially, AB 942 will retroactively alter the basis of PPAs.

The District submitted a letter of opposition on April 28, 2025 as AB 942 would shift existing customers, such as the District, onto a rate structure which decreases electricity bill credits by roughly 80% and significantly increases energy costs. The District uses an average of 501,000 kWh of electricity per month and roughly 80% of our total production is covered by a Power Purchase Agreements (PPAs). As the District typically exports 51% of production to the grid through PPAs, staff estimated AB 942 would increase monthly energy costs by an estimated \$32,600.

On May 5, 2025, amendments to AB 942 removed the requirement for existing customer-generator to transition to new Net Billing Tariffs and therefore AB 942 will no longer impact the District's PPAs. Staff continues to monitor for future amendments that may impact the District.

Cross Connection Control Policy Handbook

Pursuant to the State Water Resources Control Board (State Water Board) Cross Connection Control Policy Handbook adopted in December 2023, staff developed the required Cross-Connection Control Plan and submitted to the State Water Board for review and approval on May 1, 2025. Staff continues to participate in the San Diego County Water Authority regional workgroup.

Low Income Water Rate Assistance (LIRA)

The two competing LIRA bills introduced this legislative session, Senator Durazo's Senate Bill 350 (SB 350) and the California Municipal Utilities Association (CMUA) cosponsored Assembly Bill 532 (AB 532) are working their way through the legislative process. AB 350 authorizes a water rate assistance program to be administered by the State and does not seek to fund the program through water ratepayer contributions. However, no funding source for the program has been identified and several concerns regarding implementation requirements remain. ACWA, CMUA and Senator Durazo's office have been meeting to work through water agency concerns and it is expected AB 350 will remain in committee and be a two-year bill.

AB 352 authorizes a water rate assistance program that is limited to disadvantaged communities and small systems, which would not benefit District customers. AB 352 also includes requirements to track and report the status of "progress to expand low-income water rate assistance" to the State and provides protections to agencies with existing LIRA programs. As currently written, the District does not support AB 352.

Staff is participating in the SDCWA LIRA working group and the CMUA LIRA Strike-Team working groups and monitoring both bills as they work through the legislative process.

RECOMMENDATION:

No action required, informational item only.

PREPARED BY:



Alisa Nichols
*Special Projects and Regulatory
Compliance Manager*

SUBMITTED BY:



Gary Arant
General Manager