AGENDA FOR A **REGULAR MEETING OF THE BOARD OF DIRECTORS**
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 2, 2026, AT 5:00 P.M.
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

CALL TO ORDER – PRESIDENT KERSCHBAUM

NOTICE TO THE PUBLIC: Meetings of the Board of Directors will be held in the Board Room at the Vallecitos Water District headquarters located at 201 Vallecitos de Oro, San Marcos, California, on the date and time identified above.

MEETING BROADCAST: Members of the public may watch the meeting live via computer or smart device by going to the District's website: vwd.org/meetings and clicking on the "Watch Live" icon; however, they will not be able to participate in the meeting remotely.

LISTEN TO THE MEETING: Members of the public may listen to the meeting live on their phone by dialing (888) 788-0099 (Toll Free) or (877) 853-5247 (Toll Free). When prompted, enter the meeting ID and Passcode displayed on the District's website.

PLEDGE OF ALLEGIANCE

ROLL CALL

ADDITIONS TO THE AGENDA: Items may be added to the Agenda if the Board determines, by majority vote, that an emergency exists, or by a two-thirds vote of those present, or unanimously if fewer than two-thirds are present, that immediate action is needed and the necessity arose after the agenda was posted (Government Code Section 54954.2).

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 2, 2026.

PUBLIC COMMENT:

Individuals wishing to address the Board regarding matters not listed on the Agenda may be heard at this time. Please note that the Board will not take action on these items until they have been placed on a future agenda in accordance with Board policy. Each public comment is limited to three minutes. If possible, please submit a Request to Speak form to the Board Secretary prior to the start of the meeting. Public comments should start by stating name, address, and topic. The Board is not permitted to engage in dialogue with the speaker during this portion of the meeting.

CONSENT CALENDAR ITEM(S)

All matters listed under the Consent Calendar are expected to be routine and non-controversial, to be acted upon by the Board by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

CONSENT CALENDAR ITEM(S) *continued*

1.1 APPROVAL OF MINUTES

A. Regular Board Meeting – August 19, 2026

Recommendation: Approve Minutes.

1.2 WARRANT LIST THROUGH SEPTEMBER 2, 2026 - $1,799,091.49

Recommendation: Approve Warrant List.

1.3 APPROVAL OF CONSTRUCTION CONTRACT AWARD FOR THE NEUROS BLOWER PROGRAMMABLE LOGIC CONTROLLER CENTRAL PROCESSING UNIT UPGRADE CAPITAL IMPROVEMENT PROJECT

Recommendation: Authorize the General Manager to execute a construction contract with APG Neuros Inc. in the amount of $118,469 for the Neuros Blower PLC CPU Upgrade Project, subject to provisions of the contract.

1.4 REQUEST APPROVAL OF RESOLUTION UPDATING THE DISTRICT'S CREDIT CARD POLICY

Recommendation: Adopt Resolution No. 1719, updating the District's Credit Card Policy and rescinding Resolution No. 1706.

*******END OF CONSENT CALENDAR ITEMS*******

ACTION ITEM(S)

2.1 REQUEST APPROVAL OF PROPOSED AMENDMENTS TO THE DISTRICT'S CONFLICT OF INTEREST CODE – BIENNIAL REVIEW

Recommendation: Adopt Resolution No. 1720, approving and adopting the amended Conflict of Interest Code. *Upon adoption, staff will submit the Amended Code to the San Diego County Board of Supervisors, which serves as the District's code-reviewing body.*

2.2 REQUEST APPROVAL OF ENCINA WASTEWATER AUTHORITY FISCAL YEAR 2026 OPERATING BUDGET ADJUSTMENT

Recommendation: Approve a $296,861 budget adjustment to the District's portion of Encina Wastewater Authority's Fiscal Year 2026 Operating Budget and authorize the General Manager to release the additional funds to Encina Wastewater Authority.

*******END OF ACTION ITEMS*******

REPORTS

3.1 GENERAL MANAGER

3.2 DISTRICT LEGAL COUNSEL

3.3 SAN DIEGO COUNTY WATER AUTHORITY

3.4 ENCINA WASTEWATER AUTHORITY

3.5 STANDING COMMITTEES

3.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

OTHER BUSINESS

4.1 None.

DIRECTORS COMMENTS / FUTURE AGENDA ITEMS

5.1 None.

ADJOURNMENT

6.1 ADJOURNMENT

*******END OF AGENDA*******

In compliance with the Americans with Disabilities Act, if you have any disability which would require accommodation to enable your participation in this meeting, please notify the Board Secretary at BoardSecretary@VWD.org at least 48 hours prior to the meeting.

Video recordings of all Board meetings can be accessed on the District website www.vwd.org.

AFFIDAVIT OF POSTING

I, Kirsten Peraino, Executive Assistant/Board Secretary of the Vallecitos Water District, certify that this Agenda was posted in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California, at least 72 hours prior to the meeting (per Government Code §54954.2).

Kirsten Peraino, *Executive Assistant/Board Secretary*

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 19, 2026, AT 5:00 P.M.
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Kerschbaum called the Regular meeting to order at 5:03 p.m.

Board Present: Director Kerschbaum (President)
Director Elitharp (Vice President)
Director Brown

Directors Absent: Director Hernandez
Director Pennock

Staff Present: Legal Counsel Lloyd
General Manager Gumpel
Assistant General Manager Hubbard
Director of Administrative Services
Director of Engineering Lopez
Director of Operations Bennett
Chief Financial Officer / Director of Finance Owen
Chief Technology Officer Labarrere
Engineering Manager Roman-Phillips
Mechanical Maintenance Manager Muller
Purchasing and Utility Billing Manager Tapia
Public Information / Conservation Supervisor Robbins
Information Technology Analyst Todd
Executive Assistant / Board Secretary Peraino

Vice President Elitharp led the pledge of allegiance.

ADDITIONS TO THE AGENDA

None.

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 19, 2026.

MOTION WAS MADE by Director Elitharp, seconded by Director Brown, and carried with three (3) affirmative votes, to adopt the agenda for the Regular Board Meeting of August 19, 2026.

PUBLIC COMMENT

None.

CONSENT CALENDAR

MOTION WAS MADE by Director Brown, seconded by Director Elitharp, and carried with three (3) affirmative votes, to approve the following Consent Calendar items:

CONSENT CALENDAR ITEM(S) *continued*

1.1 APPROVAL OF MINUTES

A. Regular Board Meeting – August 5, 2026

Recommendation: Approve Minutes.

1.2 WARRANT LIST THROUGH AUGUST 19, 2026 - $8,332,826.86

Recommendation: Approve Warrant List.

1.3 FINANCIAL REPORTS

A. Financial Statement Staff Report
B. Legal Fees Summary – July 2026
C. Reserve Funds Activity – July 31, 2026
D. VWD Reserve Report – July 31, 2026
E. Per Capita Water Consumption Report – July 31, 2026
F. Water Production and Sales Report – July 31, 2026
G. Investment Report – July 31, 2026
H. Revenue and Expense Report – Sewer – July 31, 2026
I. Revenue and Expense Report – Water – July 31, 2026

Recommendation: For information only; no action required.

1.4 REQUEST AUTHORIZATION TO EXECUTE A GENERAL SERVICES AGREEMENT WITH UNIFIRST CORPORATION (UFC) FOR UNIFORM SERVICES

Recommendation: Authorize the General Manager to execute a General Services Agreement with UniFirst Corporation in the amount of $81,009.24 for an initial three-year term with the option for two, one-year extensions.

1.5 BETWEEN THE PIPES – SUMMER 2026

Recommendation: For information only, no action required.

*******END OF CONSENT CALENDAR*******

ACTION ITEM(S)

2.1 FINAL ACCEPTANCE FOR MONTIEL LIFT STATION REPLACEMENT PROJECT

Engineering Manager Roman-Phillips presented a report regarding the completion of the Montiel Lift Station (MLS) Replacement Project. Originally constructed in 1985 as a temporary facility, the lift station was upsized and modernized under the Capital Improvement Program to meet growing basin capacity needs. Key project scope items included adding 90,000 gallons of emergency wastewater storage, installing a below-grade metering vault, upgrading SCADA controls, extending 4,150 linear feet of force main, and rehabilitating 1,400 linear feet of collection main.

Staff highlighted key contractual and construction milestones:

- Design & Environmental (Michael Baker International): Original agreement of $522,172 with six authorized amendments totaling $912,533 for additional permitting, developer coordination, survey, and construction support.
- Construction (Kiewit Infrastructure West Co.): Contract awarded August 16, 2023, in the amount of $6,692,595, with Notice to Proceed issued March 17, 2025. Substantial completion was achieved on July 2, 2026.
- Change Orders: Six change orders were executed resulting in a net increase of $222,216 (3.3%), primarily driven by District-initiated enhancements for long-term operational flexibility.
- Construction Management (Valley CM): Total contract of $658,950, which included a $70,315 extension offset by an equivalent contractor credit for schedule delays.

The project was completed under the approved FY 2026/2027 budget of $9,392,000 (funded 51% Sewer Capacity / 49% Sewer Replacement). Total estimated project expenditures equal $9,241,289, yielding a project surplus of $150,711. Remaining budget will fund internal District installation of two combination air release valve assemblies in Summer 2026.

MOTION WAS MADE by Director Elitharp, seconded by Director Kerschbaum, and carried with three (3) affirmative votes, to Accept the MLS Replacement Project, authorize the General Manager to file a Notice of Completion, and release retention of funds in accordance with contract requirements following the 60-day notice period, provided no claims are filed.

2.2 CAPITAL FACILITIES ENGINEERING FY 2025/2026 CIP ANNUAL REPORT

Engineering Manager Roman-Phillips provided the Board with an overview of the Capital Improvement Program Annual Report for fiscal year 2025/26. During the presentation, staff highlighted that 17 change orders were executed for a total of $111,961.91. While the standard industry change order rate ranges between 10–15%, the District's Capital Facilities Engineering rate for fiscal year 2025/26 was successfully held at 0.39%. Staff emphasized this low rate continues to meet the District's Tactical Plan Initiatives and remains an excellent benchmark within the industry.

For information only, no action required.

*******END OF ACTION ITEMS*******

REPORTS

3.1 GENERAL MANAGER

General Manager Gumpel reported on general information items.

3.2 DISTRICT LEGAL COUNSEL

None.

3.3 SAN DIEGO COUNTY WATER AUTHORITY (SDCWA)

None.

3.4 ENCINA WASTEWATER AUTHORITY (EWA)

None.

3.5 STANDING COMMITTEES

None.

3.6 DIRECTORS REPORTS ON TRAVEL / CONFERENCES / SEMINARS ATTENDED

None.

*******END OF REPORTS*******

OTHER BUSINESS

4.1 OTHER BUSINESS

None.

DIRECTORS COMMENTS / FUTURE AGENDA ITEMS

5.1 DIRECTORS COMMENTS / FUTURE AGENDA ITEMS

None.

ADJOURNMENT

6.1 There being no further business to discuss, President Kerschbaum adjourned the Regular Meeting of the Board of Directors at the hour of 5:30 p.m.

_____
Jennifer Kerschbaum, Board President
Vallecitos Water District

ATTEST:

_____
Kirsten Peraino, Board Secretary
Vallecitos Water District

VALLECITOS WATER DISTRICT
WARRANTS LIST
September 2, 2026

8/25/2026 13:06

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Garnishment	Payroll Garnishments 134735 through	134736	-
Air & Lube Systems, Inc.	Annual Lift Inspection - Mechanic's Bay	134737	557.00
American Business Bank	Chlorine Contact Tank & Sodium Hypochlorite - Retention Payments - Prj 20161 & 20171-2	134738	21,930.40
Aqua Metric	1 1/2 Meters - 15, & 2" Meters - 10	134739	29,421.28
B & C Crane Service, Inc.	Crane Rental - Effluent Pumps #1 & #3 Motor Swap - MRF	134740	720.00
Backflow Solutions, Inc.	Backflow Tests - Qty 784 - July	134741	12,504.80
Badger Meter	Smart Cover Software Renewal - Sewer Collections 26-27	134742	31,099.45
Blue Beam LLC	Engineering PDF Document -Technical Support 26-27	134743	858.00
Boot World	Safety Boots	134744	242.42
Carahsoft	Microsoft Administrator Training & Configuration Support - IT	134745	7,875.00
CDW Government	Vehicle Laptop Docking Stations - 7	134746	6,911.46
Center For Internet Security, Inc.	CIS-CrowdStrike Renewal 26-27	134747	13,127.40
Cintas	Svc - First Aid Kits - HQ - July & Aug	134748	351.37
Consolidated Water Technologies, Inc.	Trioxyn	134749	15,323.01
CODESP Public HR	HR Testing Subscription Svcs - 26-27	134750	1,700.00
Core Logic Solutions, LLC	Real Quest Engineering Map Svcs - July	134751	132.21
Corodata Media Storage, Inc.	Back Up Storage Tapes - July	134752	300.55
CVH Networks	3-yr Net Cloud Plan & Router with Wi-Fi	134753	2,800.31
Deer Springs Fire Protection District	Deposit Refund Prj 20241-743	134754	2,579.35
Detection Instruments Corp	Acrustat Odor Control Device Data Plan Renewal 26-27	134755	420.00
Diamond Street Industrial LLC	Deposit Refund Prj 20231-726	134756	17,149.33
DirecTV	Satellite Svcs - MRF & HQ - Aug	134757	272.48
Garage Door Medics	Annual Garage Door & Gate Service - HQ	134758	1,687.00
Government Portfolio Advisors	Investment Management Svcs - July	134759	2,836.31
Hach	Odor Scrubber Sensors - 3, Calibration Solution, & Aeration Equipment Sensor Parts	134760	9,729.15
Infosend	Door Hangers, Processing, Postage & Printing - Aug	134761	13,786.49
Islamic Society of North County	Deposit Refund Prj 20261-698	134762	2,133.78
KB Homes	Deposit Refund Prj 20251-768	134763	2,259.22
Kevin Crawford Consulting	Retainer Fee - Aug	134764	4,000.00
McMaster-Carr	Parts - MRF Bisulfite System	134765	1,156.32
North City Community Partners, LLC	Deposit Refund Prj 20231-742	134766	5,131.55
Occu-Med	Medical Svcs - Feb	134767	255.00
ODP Business Solutions	Office Supplies	134768	1,214.31
Olivenhain MWD	Treated Water - July & NSDWRC Support Services	134769	114,206.26
Pacific Pipeline Supply	Stainless Steel Repair Saddles - 5, Repair Clamp, & Reclaimed Pump Restraint - MRF	134770	2,842.01
Pitney Bowes	Postage Meter Refill Invoice - Aug	134771	19.99
Planet Bids LLC	Bid Management Service Agreement 26-27	134772	21,430.96
Raymond Allyn Business Supplies	Electric Ergonomic Desk & Assembly Svcs - 2 - Customer Service	134773	3,201.72
Richard W. Gittings	Hillside Property Development Svcs - July Prj 20261-5	134774	1,400.00
Roth Staffing Companies	Temp Svcs - Purchasing - Aug	134775	4,736.28
Safety-Kleen	Parts Washer Svcs - Aug	134776	721.24
SDG&E	Power - July	134777	123,899.33
SANGIS	San Diego Imagery Consortium 26-27 - GIS Map Contract	134778	3,100.00
San Marcos Unified School District	Deposit Refund Prj 20261-724	134779	156.71
Schmidt Fire Protection Co Inc	Quarterly Fire Sprinkler System Inspection Svcs	134780	436.00
Shaw Equipment Rentals, Inc.	Construction Meter Reimbursement	134781	1,250.00
Shaw Equipment Rentals, Inc.	Rock Springs Valve Replacement Prj 20161-7	134782	187,030.30
SSA Solar of CA 5, LLC	District Wide Solar Project - July	134783	26,769.98
State Water Resources Control	Water Distribution Certification Renewal - J Shore	134784	105.00
Sunshine Water Systems	Drinking Water Svc - July	134785	56.00
Traffic Safety Solutions LLC	Traffic Control Svcs - Knoll & Furniture Row Prj 20271-7	134786	1,195.00
Trussell Technologies	Waste Discharge & Title 22 Reporting Svcs Prj 20161-2	134787	6,908.75
University District Holdings II	Deposit Refund Prj 20251-733	134788	9,899.14
Verizon Wireless	Ipad & Cell Phone Svc - July	134789	3,930.44
Vero Networks	Deposit Refund Prj 20251-723	134790	1,402.54
Weck Laboratories, Inc.	Water Sampling Svcs	134791	1,504.00
T.S. Industrial Supply	Spray Paint, Construction Marking Paint, Lumber Crayons & Bisulfite Chemical Hose	134792	2,852.42
Advanced Imaging Solutions	Copier Lease - Apr - July	134793	2,824.83
AV-Tek Inc.	Rebuild Kits for 18" Butterfly Valves - MRF Prj 20161-2	134794	2,112.00
Bemus Landscape, Inc.	Landscaping Svcs - HQ & MRF - Aug	134795	4,444.00
Best Best & Krieger	Legal Svcs - July	134796	16,465.36
Bonsall Petroleum Construction, Inc.	Annual Fuel Island Certification Svcs	134797	2,359.27
Boot Barn	Safety Boots - 2 Pairs	134798	415.62
Electrical Sales	Electric Supplies - Pump Alternating Relay - LSMLS	134799	976.04
Elogger Inc.	Support & Maintenance Renewal 26-27	134800	11,274.11
Environmental Resource Associates	Water Sampling Svcs	134801	1,370.69
Ewing Irrigation Products Inc.	Landscaping Chemicals	134802	770.11

VALLECITOS WATER DISTRICT
WARRANTS LIST
September 2, 2026

8/25/2026 13:06

PAYEE	DESCRIPTION	CHECK#	AMOUNT
Grainger Inc	Water Filters - For Bottle Fill Stations - 10, 1" Solenoid Valve, Rotary Hammer Kit & Vacuum	134803	5,090.55
Haaker Equipment	Rotek Bearing & Hose Reel Repair - Veh 240	134804	6,566.66
Hawthorne Machinery	Fleet Supplies	134805	690.15
Inland Kenworth US Inc	Steering Tie Rod - Dump Truck - Veh 319	134806	508.65
Jeffrey Colwell	Video Production Svcs - Prj 20271-34	134807	218.75
Jill Promotions	District Logo Seed Packets - 500 - Prj 20271-33	134808	563.63
Josh Cooper Tool LLC	Tools - Socket Set, Wrench Set & Grease Gun - Veh 269	134809	1,008.07
Kiewit Infrastructure West Co.	Montiel Lift Station Replacement Prj 20201-2	134810	185,914.05
KRC Rock Inc	Sidewalk Repair Supplies - Finance Wing - Bldg A	134811	360.57
L.N. Curtis & Sons	Respirators - 4 - Collections, Water Ops, & MRF	134812	15,168.68
Excel Engineering	District HQ Land Survey Services - Prj 20161-5	134813	89.00
Lloyd Pest Control	Pest Control Svcs - Aug	134814	497.00
Mallory Safety & Supply Inc.	Safety Glasses & Ear Plugs	134815	1,593.81
Mitchell Instrument Co	Testing - Electrical Safety Gloves	134816	134.70
Ostari	DUO Software Subscription - Aug	134817	130.64
San Diego Refrigeration	Cleaning of Ice Machines - HQ	134818	955.05
Patriot Portable Restrooms	Portable Restroom Rental Svcs - Mahr - Aug	134819	336.54
Plumbers Depot	CCTV Camera Diagnosis & Repair	134820	8,906.28
Quartic Solutions	GIS Technical Support - July	134821	3,312.51
SS Mechanical Construction Corp.	Primary & Secondary Basin Refurbishment - MRF - Prj 20161-2	134822	98,229.89
Stericycle Inc.	Shredding Svcs - July	134823	447.34
Tank Specialists of CA	Fuel Island Inspection Svcs - Aug	134824	240.00
Unifirst Corporation	Uniform Delivery	134825	1,362.63
Utility Systems, Science & Software Inc	Sewer Flow Meter Calibrations - 3 Sites	134826	1,805.00
Total Disbursements (90 Checks)			1,106,661.20
WIRES			
U.S. Bank	Cal Card Payment - Statement Date 8/06/26	Wire	26,019.02
Public Employees Retirement System	Retirement Contribution - August 19, 2026 Payroll	Wire	101,084.25
Data Center Warehouse	Dell Pro Rugged 14 Laptops - 10	Wire	43,489.13
Richie Arballo	SWRCB Treatment Cert Renewal - Reimbursement	Wire	60.00
Brian Shore	Self Improvement Program - Tuition Reimbursement	Wire	370.00
Kevin Anctil	Tri-State Seminar - Travel Reimbursement	Wire	457.94
Rick Crawford	Tri-State Seminar - Travel Reimbursement	Wire	627.25
Total Wires			172,107.59
PAYROLL			
Total Direct Deposits		Wire	323,354.37
Payroll & Garnishments	Payroll Garnishments	134735	956.29
Payroll & Garnishments	Payroll Garnishments	134736	666.76
IRS	Federal Payroll Tax Deposits	Wire	129,579.05
Employment Development Department	California Payroll Tax Deposits	Wire	31,365.09
Empower 457	Deferred Compensation Withheld	Wire	34,401.14
Total August 19, 2026 Payroll Disbursements			520,322.70
TOTAL DISBURSEMENTS			1,799,091.49

DATE: **SEPTEMBER 2, 2026**
TO: **BOARD OF DIRECTORS**
SUBJECT: **CONSTRUCTION CONTRACT AWARD FOR THE NEUROS BLOWER PLC CPU UPGRADE CAPITAL IMPROVEMENT PROJECT**

BACKGROUND:

The District's Meadowlark Water Reclamation Facility (MRF) treats wastewater by primary and secondary treatment processes which can then be legally discharged into the Ocean Outfall or can be further treated in a tertiary process to produce and convey recycled water. The single most critical component of the secondary treatment process in wastewater is aeration, providing oxygen and mixing necessary for beneficial microorganisms to break down pollutants and improve water quality. MRF's secondary treatment process relies on two APG Neuros Inc. high-speed turbo blowers installed in 2017 to continuously supply this air. These high-efficiency blowers are vital to operations, eliminating oil contamination risks found in older technologies and keeping ongoing maintenance low. These units are in individual local control panels and governed by programmable logic controllers (PLCs) and variable frequency drives (VFDs), which automatically adjust airflow based on real-time process demands.

DISCUSSION:

MRF recently experienced a failure on the aeration blower system's PLCs, locking one of the two blowers into single-speed operation. In addition, the existing Allen-Bradley MicroLogix PLCs have been officially discontinued, are no longer supported, and sourcing replacement parts will become increasingly difficult, exposing MRF to an increased risk of system downtime. Not only are the current blowers forced to run inefficiently, causing increased energy costs to the District, but this hardware vulnerability presents a threat to plant operations, as a total control failure would immediately compromise the aeration process. A loss of dissolved oxygen triggers rapid biological degradation within minutes, severe hydrogen sulfide odors and microbial die-off within hours, and complete process collapse within 24 to 48 hours. Such a failure would trigger immediate regulatory permit violations and force a shutdown of the secondary treatment process, halting plant operations.

To resolve these operational risks and restore reliable, automated aeration control, District staff contacted APG Neuros Inc. to develop a replacement solution. APG Neuros submitted a scope and fee proposal of $118,469 to replace the obsolete control panels, PLC's, operator displays, and appurtenances to restore full system functionality. Replacing the obsolete control hardware mitigates supply chain exposure, reinstates vendor support, safeguards long-term process reliability, and reduces energy consumption for the plant. The new control panels will deliver significant long-term benefits, including reliable real-time process communication, enhanced physical security, and improved cybersecurity functionality to protect our network, as well as eliminating single points of failure before an emergency outage occurs.

A new Capital Improvement Project was created and approved by the Board of Directors in the Fiscal Year 2026-27 budget to replace the failing hardware. The project is scheduled for completion over a 6-month timeline. APG Neuros Inc. will handle the design, fabrication, and physical installation of the new local control panels. District staff will program the new PLC's with the latest validated control logic, concluding with comprehensive functional and operational testing to verify full system integration, SCADA communication, and reliable automated operation before final sign-off.

FISCAL IMPACT:

The project is identified in the Fiscal Year 2026-27 budget with a planned amount of $150,000. The project funding is sourced by 100% Sewer Replacement Fund 210. The total estimated cost and budget summary of the project are as follows:

Project Budget	$	150,000
APG Neuros	$	118,469
Staff labor and Overhead	$	10,000
10% Contingency (Ord. No. 146)	$	11,847
Estimated Project Total	$	140,316
Estimated Budget Surplus	$	9,684

STRATEGIC PLAN / TACTICAL INITIATIVES:
The Aeration Basin Blower Control Panel Upgrade aligns with the District's Strategic Plan, Focus Area 1, Infrastructure Integrity. Modernizing obsolete control hardware with fully supported, industry-standard equipment and upgrading to current-generation PLCs eliminates the risk of unexpected supply chain delays, ensuring continuous, automated control over critical aeration processes. This modernization minimizes operational downtime, safeguards process reliability, and extends the overall service life of the MRF's wastewater assets.

RECOMMENDATION:
Staff recommend authorizing the General Manager to execute a construction contract with APG Neuros Inc. in the amount of $118,469 for the Neuros Blower PLC CPU Upgrade Project, subject to provisions of the contract.

ATTACHMENTS:
Equipment Photographs
Aerial Exhibit

Existing Neuros Blower – exterior view.

Existing PLC inside the Neuros Blower unit.

CONSTRUCTION CONTRACT AWARD FOR THE NEUROS BLOWER PLC CPU UPGRADE CAPITAL IMPROVEMENT PROJECT

P:\Meadowlark\Areation Basin Map.aprx

DATE: **SEPTEMBER 2, 2026**
TO: **BOARD OF DIRECTORS**
SUBJECT: **RESOLUTION UPDATING THE DISTRICT'S CREDIT CARD POLICY**

BACKGROUND:
On November 19, 2025, the Board of Directors approved Resolution No. 1706, updating the District credit card policy and rescinding the prior version. This update designated specific staff members authorized to utilize District credit cards in the course of conducting official District business.

DISCUSSION:
To maintain internal financial controls and ensure administrative accuracy, the District periodically reviews and updates its credit card policy. The proposed resolution includes revisions to section 4 (Credit Card Holders), subsection 4.1, which identifies the individual credit cards assigned to the District and updates the list of authorized users to reflect current staffing assignments.

FISCAL IMPACT:
None.

STRATEGIC PLAN/TACTICAL INITIATIVES:
Strategic Focus Area No. 4: Fiscal Responsibility.

RECOMMENDATION:
Staff recommend adoption of Resolution No. 1719, updating the list of authorized credit card users and rescinding Resolution No. 1706.

RESOLUTION NO. 1719

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT UPDATING CREDIT CARD POLICY AND PROCEDURES FOR THE DISTRICT AND RESCINDING RESOLUTION 1706

WHEREAS, in order to assist in the transaction of official District business, it is the stated intent and policy of the Vallecitos Water District to issue credit cards to appropriate District employees and authorize their use for official District business; and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Vallecitos Water District does hereby enact as follows:

Section 1: Oversight

Section 1.1: The General Manager shall determine the appropriate District employees to be issued credit cards. The CFO/Director of Finance is hereby designated the responsibility of credit card issuance, accounting, monitoring of use, credit card retrieval, payment of all charges, maintenance of a list of authorized users and cards assigned to them and general compliance with this resolution.

Section 2: Authorization, Use, Reporting and Return

Section 2.1: Only those who are authorized by the General Manager and who have signed a Credit Card user Agreement may use District credit cards.

Section 2.2: Credit cards shall only be used to purchase goods or services directly related to official District business.

Section 2.3: Determination of the appropriate use of District credit cards, including setting credit limits on individual accounts, shall be solely within the discretion of the General Manager or designee.

Section 2.4: All authorized users of District credit cards shall make purchases only in accordance with the District's purchasing policy. The only credit card purchases allowed for travel are those expenses that would otherwise be reimbursable under the Meetings, Seminars, and Conferences Attendance Policy included in the employee handbook.

Section 2.5: District credit card users shall submit appropriate documentation detailing the goods and/or services purchased, the cost of the goods and/or services, the date of the purchase and the official business purpose to the Accounting Department promptly upon making charges against the card.

Section 2.6: District credit cards shall not be used for cash advances, personal use, or any type of purchase not specifically permitted under the District's Purchasing Policy.

Section 2.7: Authorized employees who are issued District credit cards shall be responsible for their custody and protection against theft or misuse and shall immediately notify the CFO/Director of Finance if the credit card is lost or stolen.

Section 2.8: Authorized employees who are issued District credit cards shall return credit cards immediately upon termination of employment or service with the District.

Section 2.9: Outstanding balances of District credit cards, including interest due on an extension of credit under the credit card arrangement, shall be paid in full prior to the statement due date.

Section 3: Internal Controls

Section 3.1: A current list of all credit cards, authorized users and credit limits shall be kept on file with the CFO/Director of Finance at all times. The updated list of Credit Card Holders is set forth in Section 4, below.

Section 3.2: The list referenced in section 3.1 above shall be submitted to the Board of Directors for any changes.

Section 3.3: The supervisor or manager of the department wherein a credit card purchase is made shall review and approve all documentation detailing the goods and/or services purchased, the cost of the goods and/or services, the date of the purchase and the official business purpose prior to submission of invoices to the Accounting Department for payment.

Section 3.4: The Board of Directors shall be responsible for approval of payment through regular review and approval of the Warrant List at a duly noticed Board Meeting.

Section 3.5: Any employee of the District who violates the provisions of this policy shall be subject to disciplinary action, up to and including termination, as well as appropriate criminal and/or civil action.

Section 4: Credit Card Holders

Section 4.1: Updated 9/2/26

Employee	Card(s)	Title	Designee #1	Designee #2
James Gumpel	CAL-Card	General Manager	Executive Assistant/Board Secretary	Human Resources Assistant
Jason Hubbard	CAL-Card	Assistant General Manager	Executive Assistant/Board Secretary	Human Resources Assistant
Douglas Owen	CAL-Card	CFO/Director of Finance	Purchasing Specialist	Finance Supervisor
Denise Aviles	CAL-Card	Director of Administrative Services	Principal Human Resources Analyst	Human Resources Assistant
Elizabeth Lopez	CAL-Card	Director of Engineering	Engineering Technician I	Engineering Technician II
Eric Bennett	CAL-Card	Director of Operations	Ops/Maint Admin Asst (PT)	Wastewater Treatment Plant Supervisor
Matias Labarrere	CAL-Card	Chief Technology Officer	IT Business Analyst II	SCADA Coordinator
Christopher Muller	CAL-Card	Mechanical Maintenance Manager	Mechanical Electrical Supervisor	Construction Supervisor
Christopher Tapia	CAL-Card	Purchasing and Utility Billing Manager	Purchasing Specialist	Customer Service Supervisor
Stephanie Roman Phillips	CAL-Card	Engineering Manager	Capital Facilities Assistant Engineer	Engineering Technician I
Christopher Tapia	Home Depot	Purchasing and Utility Billing Manager		

APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 2nd day of September 2026, by the following roll call vote:

ATTEST:

Jennifer Kerschbaum, *Board President*
Vallecitos Water District

Kirsten Peraino, *Board Secretary*
Vallecitos Water District

DATE: **SEPTEMBER 2, 2026**
TO: **BOARD OF DIRECTORS**
SUBJECT: **PROPOSED AMENDMENTS TO THE DISTRICT'S CONFLICT OF INTEREST CODE – BIENNIAL REVIEW**

BACKGROUND:

The Political Reform Act of 1974 (Government Code section 81000 et seq.) requires public agencies to adopt and maintain a Conflict of Interest Code (Code). The Code establishes mandatory rules governing financial disclosure and disqualification for public officials and designated employees who participate in making decisions that may foreseeably have a material financial effect on their personal economic interests. The Code also identifies designated positions within the District required to file the Fair Political Practices Commission's (FPPC) annual Statements of Economic Interests (Form 700) and assigns disclosure categories based on each position's scope of authority.

Biennial Review & Current Amendments

To ensure ongoing compliance with the Political Reform Act, Government Code section 87306 mandates that the District regularly review and update its Conflict of Interest Code. This review must occur biennially, upon the directive of the District's code-reviewing body (the San Diego County Board of Supervisors), or when organizational circumstances change requiring an amendment. The District last amended its Code on November 20, 2024. The current proposed amendments are the result of the 2026 biennial review process, which serves several key functions:

- Updating language to reflect the recently passed Senate Bill (SB) 852, which revises FPPC Form 700 filing requirements for public officials managing public investments;
- Designating newly created positions that participate in making governmental decisions;
- Revising disclosure categories to match evolving operational duties;
- Updating job titles of existing designated positions; and
- Removing eliminated positions that no longer possess financial decision-making authority.

Administrative Compliance and Next Steps

The District posted a formal Notice of Intention to amend the Conflict of Interest Code, posted in the same manner as the District's meeting agendas. Additionally, a copy of the notice was distributed to all affected employees whose positions are designated in Part "A" of the proposed Code's Appendix. Following formal adoption of the proposed amendments by the Vallecitos Water District Board, the finalized Code will be sent to the San Diego County Board of Supervisors for final review and codification.

DISCUSSION:

None.

FISCAL IMPACT:

None.

STRATEGIC FOCUS AREA:

Maintaining the Conflict-of-Interest Code aligns with the District's commitment to honest, ethical, and unbiased policies and actions.

RECOMMENDATION:

Staff recommend the Board of Directors adopt Resolution No. 1720 approving and adopting the amended Conflict of Interest Code.

ATTACHMENT:

Resolution No. 1720
(includes red-lined and clean version of 2026 Biennial Conflict of Interest Code Amendments)

RESOLUTION NO. 1720

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT ADOPTING AN AMENDED CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code Section 81000 et seq. (Act), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Vallecitos Water District (District) and requires all public agencies to adopt and promulgate a Conflict of Interest Code; and

WHEREAS, the Board of Directors adopted a Conflict of Interest Code (Code) which was last adopted on November 20, 2024, in compliance with the Act; and

WHEREAS, subsequent changed circumstances within the District have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the District's Code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the District being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of, the proposed amended Code was provided each affected designated employee and publicly posted for review at the offices of the District; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the Board of Directors on September 2, 2026, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vallecitos Water District, that the Board of Directors does hereby adopt the proposed amended Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the Executive Assistant/Board Secretary, and available to the public for inspection and copying during regular business hours;

BE IT FURTHER RESOLVED that the said amended Conflict of Interest Code shall be submitted to the Board of Supervisors of the County of San Diego for approval and said Code shall become effective immediately after the Board of Supervisors approves the proposed amended Code as submitted.

APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on this 2nd day of September, 2026, by the following roll call vote:

ATTEST:

_____
Jennifer Kerschbaum, *Board President*
Vallecitos Water District

_____
Kirsten Peraino, *Board Secretary*
Vallecitos Water District

CONFLICT OF INTEREST CODE

OF THE

VALLECITOS WATER DISTRICT

CONFLICT OF INTEREST CODE

OF THE

VALLECITOS WATER DISTRICT

(Amended ~~November 20, 2024~~ September 2, 2026)

1. Standard Code of FPPC

The Political Reform Act of 1974 (Government~~.~~ Code, ~~§~~Section 81000, et seq.) requires each state and local government agency to adopt and ~~promulgate~~ maintain a ~~c~~Conflict of ~~i~~Interest ~~c~~Code~~s~~. The Fair Political Practices Commission ~~(FPPC)~~ has adopted a regulation—Title 2, California~~.~~ Code of Regulations, Section 18730—~~,~~ which contains the terms of a standard conflict of interest code that can be incorporated by reference as a ~~d~~District's code. After public notice and hearing, Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

Therefore, the terms of 2 Cal. Code of Regs. Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. This regulation (attached) and the Appendix (attached) designating officials and employees and establishing disclosure categories, shall constitute the Conflict of Interest Code of the **Vallecitos Water District (~~the "~~District~~"~~)**. This code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Vallecitos Water District.

3. Filing of Statements of Economic Interests

Officials Who Manage Public Investments shall electronically file their Statement of Economic Interests directly with the Fair Political Practices Commission. All officials and designated positions required to submit a statement of economic interests shall file their statements with the ~~General Manager as the~~ District~~'s Filing Officer~~. The Filing Officer shall ~~make and~~ retain ~~a copy of all~~ the original statements of all other officials and designated positions and will make this Code and all retained statements available for public inspection and reproduction during regular business hours (Government Code Section 81008).

APPENDIX

CONFLICT OF INTEREST CODE

OF THE

VALLECITOS WATER DISTRICT

(Amended ~~November 20, 2024~~September 2, 2026)

PART "A"

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials ~~w~~Who ~~m~~Manage ~~p~~Public ~~i~~Investments as defined by Title 2, California~~.~~ Code of Regulations~~.~~, §Section 18700.3(b), are NOT subject to the District's Conflict of Interest Code but must file disclosure statements under Government Code ~~s~~Section 87200 et seq. [~~Regs.,~~ §Section 18730(b)(3)] The~~se~~ positions ~~are~~ listed here are for informational purposes only.

It has been determined that the positions listed below are officials who manage public investments[1]:

Members of the Board of Directors

General Manager

Assistant General Manager

~~Treasurer/Human Resources and Risk Manager~~ Director of Administrative Services

Treasurer / CFO / Director of Finance

Financial Consultants

[1] Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Regulation ~~§~~ Section 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Asset Management Supervisor	5
~~Assistant Operations and~~ Mechanical Maintenance Manager	4
Capital Facilities Assistant Engineer	5
Capital Facilities Engineer	2, 3, 5
~~Capital Facilities Senior Engineer~~	~~2, 3, 5~~
~~Chief Financial Officer ^~~	~~1, 2~~
Chief Technology Officer	5
Computerized Maintenance Management System Planner (CMMS Planner)	5
Construction Inspection Supervisor	2, 3, 5
Construction Inspector II	2, 3, 5
Construction Supervisor	2, 3, 5
Development Services Assistant Engineer [2]	2, 3, 5
~~Development Services Senior Engineer~~	~~2, 3, 5~~
~~District~~ Director of Engineering	2, 3, 5
Engineering Manager [2]	2, 3, 5
Engineering Technician III	2, 3, 5
Finance Supervisor	5
General Counsel	1, 2
Principal Human Resources Analyst	5
~~Human Resources and Risk Manager ^~~	~~5, 6~~
Maintenance Services Supervisor	5
Mechanical/Electrical Supervisor	5

Operations & Maintenance Contract Coordinator	4
Director of Operations ~~& Maintenance Manager~~	4
Principal Financial Analyst	5
Public Information Conservation Supervisor	5
Purchasing and Utility Billing Manager [2]	4
~~Senior~~ Purchasing Specialist	4
Wastewater Collection Systems Supervisor	5
Wastewater Treatment Plant Supervisor	5
Water System Supervisor	5

Consultants and New Positions [2]

Designated as an 87200 Filer / Officials Who Manage Public Investments ^

[2] Individuals serving as a consultant as defined in FPPC Reg 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Government~~.~~ Code Section~~.~~ 82019; FPPC Regulation~~s~~ Sections 18219 and 18734.). The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Government~~.~~ Code Section~~.~~ 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which the designated is assigned.[3] ~~"Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and~~ Such economic interests are reportable if they are either located in, doing business in, planning to do business in, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments, ~~and~~ business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments), that are located in, that do business in or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District, including any leasehold, beneficial or ownership interest or option to acquire property.

Category 3: All investments, ~~and~~ business positions in business entities, and sources of income ~~from~~(including receipt of gifts, loans, and travel payments), ~~business entities~~ that are engaged in land development, construction, or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments, ~~and~~ business positions in business entities, and sources of income from business entities~~,~~ (including receipt of gifts, loans, and travel payments), that provide services (including training or consulting services), products, supplies, materials, machinery, vehicles or equipment of the type purchased or leased by the District.

Category 5: All investments, ~~and~~ business positions in business entities, and sources of income ~~from business entities,~~ (including receipt of gifts, loans, and travel payments), that provide services (including training or consulting services), products, supplies, materials, machinery, vehicles or equipment of ~~a~~the type purchased or leased by the Designated Position's department, unit, or division.

Category 6: All investments, ~~and~~ business positions in business entities, and sources of income~~,~~ (including receipt of gifts, loans, and travel payments), if such entities or sources have filed claims against the agency in the past two (2) years, or have a claim pending before the District.

[3] This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Regulation~~.~~ Section 18730.1)

CONFLICT OF INTEREST CODE

OF THE

VALLECITOS WATER DISTRICT

September 2026

CONFLICT OF INTEREST CODE

OF THE

VALLECITOS WATER DISTRICT

(Amended September 2, 2026)

1. Standard Code of FPPC

The Political Reform Act of 1974 (Government Code, Section 81000, et seq.) requires each state and local government agency to adopt and maintain a Conflict of Interest Code. The Fair Political Practices Commission has adopted a regulation—Title 2, California Code of Regulations, Section 18730—which contains the terms of a standard conflict of interest code that can be incorporated by reference as a District's code. After public notice and hearing, Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

Therefore, the terms of 2 Cal. Code of Regs. Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. This regulation (attached) and the Appendix (attached) designating officials and employees and establishing disclosure categories, shall constitute the Conflict of Interest Code of the **Vallecitos Water District (the "District")**. This code shall take effect when approved by the San Diego County Board of Supervisors and shall thereupon supersede all prior codes adopted by the Vallecitos Water District.

3. Filing of Statements of Economic Interests

Officials Who Manage Public Investments shall electronically file their Statement of Economic Interests directly with the Fair Political Practices Commission. All officials and designated positions required to submit a statement of economic interests shall file their statements with the District. The Filing Officer shall retain the original statements of all other officials and designated positions and will make this Code and all retained statements available for public inspection and reproduction during regular business hours (Government Code Section 81008).

APPENDIX

CONFLICT OF INTEREST CODE

OF THE

VALLECITOS WATER DISTRICT
(Amended September 2, 2026)

PART "A"

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials Who Manage Public Investments as defined by Title 2, California Code of Regulations, Section 18700.3(b), are NOT subject to the District's Conflict of Interest Code but must file disclosure statements under Government Code Section 87200 et seq. [Section 18730(b)(3)] The positions listed here are for informational purposes only.

It has been determined that the positions listed below are officials who manage public investments[1]:

Members of the Board of Directors

General Manager

Assistant General Manager

Director of Administrative Services

Treasurer / CFO / Director of Finance

Financial Consultants

[1] Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Asset Management Supervisor	5
Capital Facilities Assistant Engineer	5
Capital Facilities Engineer	2, 3, 5
Chief Technology Officer	5
Computerized Maintenance Management System Planner (CMMS Planner)	5
Construction Inspection Supervisor	2, 3, 5
Construction Inspector II	2, 3, 5
Construction Supervisor	2, 3, 5
Development Services Assistant Engineer [2]	2, 3, 5
Director of Engineering	2, 3, 5
Engineering Manager [2]	2, 3, 5
Engineering Technician III	2, 3, 5
Finance Supervisor	5
General Counsel	1, 2
Principal Human Resources Analyst	5
Maintenance Services Supervisor	5
Mechanical/Electrical Supervisor	5
Mechanical Maintenance Manager	4
Director of Operations	4
Principal Financial Analyst	5
Public Information Conservation Supervisor	5
Purchasing and Utility Billing Manager [2]	4

Purchasing Specialist	4
Wastewater Collection Systems Supervisor	5
Wastewater Treatment Plant Supervisor	5
Water System Supervisor	5

Consultants and New Positions [2]

[2] Individuals serving as a consultant as defined in FPPC Reg 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Government Code Section 82019; FPPC Regulations 18219 and 18734.). The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Government Code Section 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which the designated is assigned.[3] Such economic interests are reportable if they are either located in, doing business in, planning to do business in, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments, business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments), that are located in, that do business in or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District, including any leasehold, beneficial or ownership interest or option to acquire property.

Category 3: All investments, business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments), that are engaged in land development, construction, or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments, business positions in business entities, and sources of income from business entities (including receipt of gifts, loans, and travel payments), that provide services (including training or consulting services), products, supplies, materials, machinery, vehicles or equipment of the type purchased or leased by the District.

Category 5: All investments, business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments), that provide services (including training or consulting services), products, supplies, materials, machinery, vehicles or equipment of the type purchased or leased by the Designated Position's department, unit, or division.

Category 6: All investments, business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments), if such entities or sources have filed claims against the agency in the past two (2) years, or have a claim pending before the District.

[3] This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

DATE: SEPTEMBER 2, 2026
TO: BOARD OF DIRECTORS
SUBJECT: REQUEST FOR APPROVAL OF AN ADJUSTMENT TO ENCINA WASTEWATER AUTHORITY'S FISCAL YEAR 2026 OPERATING BUDGET

BACKGROUND:

The Vallecitos Water District is a party to the Encina Joint Powers Basic Agreement (Agreement) entered on July 13, 1961, for the acquisition, construction, ownership, operation, and maintenance of the Encina Joint Sewer System. The Agreement requires unanimous approval of the Encina Wastewater Authority (EWA) budget by member agencies prior to the budget becoming effective. On May 21, 2025, the Board of Directors reviewed and adopted Resolution No. 1687 approving EWA's Fiscal Year 2026 recommended Operating and Capital Improvement Budgets and authorized the General Manager to release the District's proportionate share of those funds in the amount of $4,971,000.

DISCUSSION:

The District is receiving a larger share of EWA's expenses than anticipated during budget development for Fiscal Year 2026. This is primarily due to the extended shutdown of the Meadowlark Water Reclamation Facility (MRF) for construction. The facility was taken offline in November 2024 with construction originally anticipated to be completed within approximately one year. Delays in completing the work have extended the period during which the District has been unable to utilize the facility for recycled water operations.

As a result, wastewater flows that would otherwise have been conveyed to MRF for treatment to produce recycled water have instead been discharged to EWA. The resulting increase in the District's wastewater flows to Encina has increased the District's proportionate share of Encina's operating expenses, causing those expenses to exceed the $4,971,000 amount included in the District's approved Fiscal Year 2026 operating budget.

Staff is requesting a budget adjustment of $296,861 to provide sufficient appropriations for the District's increased share of Encina expenses. The requested adjustment is summarized below:

Fiscal Year 2026	
Approved Budget	$4,971,000
Actual Expenses	$5,267,861
Budget Adjustment Requested	**$296,861**

FISCAL IMPACT:

There are sufficient funds in sewer reserves to cover this adjustment.

STRATEGIC PLAN / TACTICAL INITIATIVES:

Strategic Focus Area No. 4: Fiscal Responsibility

RECOMMENDATION:

Staff recommend the Board of Directors approve a $296,861 budget adjustment to the District's portion of Encina Wastewater Authority's Fiscal Year 2026 Operating Budget and authorize the General Manager to release the additional funds to Encina Wastewater Authority.