

A G E N D A

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE LAKESIDE WATER DISTRICT

July 7, 2026

Meeting Place: Lakeside Water District; 10375 Vine Street
Lakeside CA 92040; **5:30 p.m.**

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Brett Sanders, General Manager, at (619) 443-3805 for assistance so the necessary arrangements can be made.

1. Call to Order
2. Prayer/Invocation
3. Pledge of Allegiance
4. Approval of the Agenda
5. Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2)
6. Approve Minutes of a Regular Meeting held on June 2, 2026.
7. Approve Minutes of a Special Meeting held on June 18, 2026.
8. Review the May 2026 Treasurers Report for the Annual Audit. Request to Note and File in Preparation.
9. Operations Report. Johnze
10. Adopt Resolution 26-07 Establishing a Tax Appropriations Limit for the District for the Fiscal Year 2026-2027. Sanders
11. Consider Resolution 26-08 to Approve the Districts Updated 5-Year Capital Improvement Plan. Sanders
12. Presentation and Consideration of Resolution 26-09 Approving the Districts 2026-2027 Operations Budget. Sanders
13. Review Annual Special Tax Accountability Report for Community Facilities District No. 2022-1 (Yerba Valley Annexation Area). Sanders

14. Approve Demands of the Treasurer for June 2026.
15. CWA Report
16. Director's Reports and/or Ad Hoc Sub-Committees Reports if needed.
17. General Managers' Report.
18. Closed Session Items – Closed to the Public:

Liability Claims per Government Code Section 54961;
Claimant Uden v Lakeside Water District

Personnel Exception per Government Code Section 54957; Public Employment;
Employee Review – General Manager
19. Adjourn; Next Regular Meeting to be held on August 4, 2026.

PUBLIC COMMENT PROCEDURES

Members of the public will be allowed to address the Board on any agenda item prior to the Board's decision on the item. They will also be allowed to comment on matters not on the posted agenda, which are under the subject matter jurisdiction of the district. No action may be taken by the board except to set the matter presented for the next regular board meeting if proposed by the board. State your name, topic and provide the secretary with a request to speak form, so you can be properly included in the comment period. Comments are limited to 3 minutes and the board is not required to comment on the topic.

CERTIFICATE OF POSTING

I certify that on July 3, 2026, I posted a copy of the meeting agenda and any public records relating to items on the agenda and that they are available for public inspection at the time the record is distributed to all, or a majority of all members of the board. Such records shall be available at the district office located at 10375 Vine Street, Lakeside, California, or on the district's website at LakesideWater.org.

Agendas are posted at least 72 hours in advance of a regular meeting, or 24 hours in advance of a special meeting of the Board of Directors, near their regular meeting place, and as per Government Code Section 54954.2(a)(1) and 54956(a).

Brett Sanders, General Manager / Board Secretary

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
LAKESIDE WATER DISTRICT
HELD ON June 2, 2026**

At the time and place provided by law for the holding of a Regular Meeting of the Board of Directors of the Lakeside Water District; to-wit at the meeting place of said Board at 10375 Vine Street, Lakeside, California, at 5:30 p.m. the Board duly convened, the following members present.

Directors:	(Remote Access)(left at 6:20)	Frank Hilliker Pete Jenkins Steve Johnson Eileen Neumeister Steve Robak
Secretary:		Brett Sanders

- 1) Call to Order by Board President Neumeister
- 2) Prayer/Invocation – Pastor Eric King provided the prayer for the night’s meeting.
- 3) Pledge of Allegiance was led by Director Jenkins
- 4) Approval of Agenda. Motion by Director Robak to accept the agenda as submitted.

Motion: Robak	Second: Johnson
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Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 5) Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2). None
- 6) Approve Minutes of a Regular Meeting held on May 5, 2026. Motion by Director Robak to approve the minutes as presented.

Motion: Robak	Second: Hilliker
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Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 7) Review the April 2026 Treasurers Report for the Annual Audit. Request to Note and File in Preparation. Approved to Note and File.
- 8) Public Hearing for the 2025 Urban Water Management Plan and the 2025 Water Shortage Contingency Plan. General Manager Sanders introduced Jake Comer with West and Associates to provide a presentation on the 2025 UWMP Report. Mr. Comer provide a detailed summary of the updated plan highlighting key points of the

report and mandated amendments and water code updates since 2020. Mr. Comer then provided a summary of the Water Shortage Contingency Plan and how the Plan fits into the UWMP and still complies with State requirements. No public comments were received for input into the plan update. Once adopted the Plan will be submitted to the Department of Water Resources before July 1, 2026.

- 9) Consider Resolution 26-03 Adopting the 2025 Urban Water Management Plan. Motion by Director Jenkins to approve Resolution 26-03 as presented.

Motion: Jenkins

Second: Hilliker

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 10) Consider Resolution 26-04 Adopting the 2025 Water Shortage Contingency Plan. Motion by Director Jenkins to approve Resolution 26-03 as presented.

Motion: Jenkins

Second: Hilliker

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 11) Consider Resolution 26-05 Awarding Contract for the Yerba Valley Annexation Pipeline Project – Private Customer Lines. Motion by Director Hilliker to approve Resolution 26-03 as presented.

Motion: Hilliker

Second: Jenkins

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 12) Operations Report. Engineering and Operations Manager Johnze reported the following.

- Yerba Valley Annexation Pipeline; District crews started potholing for the connection point extension on the 8" watermain.
- EOS Building Updates; 100% complete, with furniture being moved in and set up. Working on a late June or early July move in.
- Landscape clean-up at District reservoir and tank sites.
- Pump Station Inspections for electrical connections and general clean-up.
- Currently taking applications for two utility worker positions and one part time meter reading position.
- River Street, City of San Diego Pump Station Project. Highline in place while contractor continues to complete their water main connections.

Main break 0, Service leaks 2 on Katie Lane, Fire hydrants 1

- 13) Review Draft Capital Improvement Plan Revisions for the Annual 5-Year CIP Update. General Manager Sanders provided a summary of changes to update the plan to

respond to current needs and projections. An updated plan will be presented to the Board in resolution form for approval at the July meeting.

- 14) Approve Demands of the Treasurer for May 2026. Motion by Director Jenkins to approve the demands as presented.

Motion: Jenkins

Second: Robak

Vote:	Ayes	4	Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	1	Hilliker

- 15) CWA Report – CWA Representative Hilliker reported that WA staff is proposing a 3% water rate increase with the help of the two water transfer agreements.

- 16) Director's Report and Ad Hoc Sub-Committees Reports. No comments

- 17) Manager's Quarterly Report. The General Manager reported.

- 1) Yerba Valley Annexation Pipeline Update – Special Meeting scheduled for June 18th, to provide an overview of the funding plan and a few Pre-bid will be held on May 7th with the bid date of May 21st.
- 2) Lafco Hearing on Annexation for Turner Property on Oak Creek Dr. Annexation and detachment hearing is scheduled for August for Lafco approval.
- 3) 2026 Newsletter. Scheduled for release in late June. Must be sent to customers by June 30th, 2026. The newsletter includes the Consumer Confidence Water Quality Report for 2025. The main article explains the new water supply for east county provided by the Advanced Water Purification Project projected to be completed in early 2027.

Provided a summary of capital outlays for fiscal 25/26, highlighting status of expenditures.

- 18) Closed Session Item – Anticipated Litigation (54956.9 (e)(1)) – One Case. No Action to Report.
- 19) There being no further business the meeting adjourned to the next Regular Meeting scheduled for July 7, 2026.

Attest:

Brett Sanders, Board Secretary
Lakeside Water District

Eileen Neumeister
Board President

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
LAKESIDE WATER DISTRICT
HELD ON June 18, 2026**

At the time and place provided by law for the holding of a Special Meeting of the Board of Directors of the Lakeside Water District; to-wit at the meeting place of said Board at 10375 Vine Street, Lakeside, California, at 5:30 p.m. the Board duly convened, the following members present.

Directors:	Frank Hilliker Pete Jenkins Steve Johnson Eileen Neumeister Steve Robak
Secretary:	Brett Sanders

- 1) Call to Order by Board President Neumeister
- 2) Prayer/Invocation – Pastor Bill Bottker provided the prayer for the night’s meeting.
- 3) Pledge of Allegiance was led by Director Neumeister
- 4) Approval of Agenda. Motion by Director Hilliker to accept the agenda as submitted.

Motion: Hilliker	Second: Robak
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Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 5) Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2). None
- 6) Yerba Valley Annexation Project Funding Overview. General Manger Sanders outlined the recent history of the annexation and construction progress and then introduced Dmitry Semenov with Ridgeline Municipal Strategies. Mr. Semenov provided an indepth review of the project funding process and how the property owners will be affected and what the process procedure and timeline will be going forward.
- 7) Approve Proposal for Continuation of Services for Edsell (Chip) Eady with Nossaman LLP to Perform Bond Counsel, Disclosure Counsel and Reimbursement Agreement for Yerba Valley Annexation Funding. Motion by Director Johnson to approve Mr. Eady's proposal of services as presented.

Motion: Johnson	Second: Robak
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Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	

Absent 0

- 8) Consider Proposals and Select Underwriter for water revenue financing related to the Yerba Valley Annexation Funding. Mr. Semenov provided an overview of the two proposals received and pertinent background of the proposals from each firm. Motion by Director Robak to approve the proposal from Hilltop Securities as presented.

Motion: Robak

Second: Jenkins

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 9) Consider Revision to Administrative Code Section 16.1-5 Credit Quality Requirements for CFD Financing; Section 16.1-7 Equity of Special Tax Formulas and Maximum Special Taxes; Section 16.1-10 Terms and Conditions of Indebtedness. General Manager Sanders provided a summary of each revision and why they are needed. Motion by Director Robak to approve the Administrative Code Revisions as presented.

Motion: Robak

Second: Jenkins

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 10) Consider Resolution 26-06 Declaring the Official Intent of Lakeside Water District to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures and Costs of Issuance Temporarily Funded from District Revenues of other Sources. General Manager Sanders provided a summary of the Resolution and the intent of need for the CFD. Motion by Director Hilliker to approve Resolution 26-06 as presented.

Motion: Hilliker

Second: Johnson

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 11) Adjourn; Next Regular Meeting to be held on July 7, 2026

Brett Sanders, Board Secretary
Lakeside Water District

Eileen Neumeister
Board President

Lakeside Water District
Statement of Revenues and Expenses
July 2025 through May 2026

	May 26	Jul '25 - May 26	Budget	% of Budget
Operating Revenue				
Water Sales				
4000 · Water Sales on Account	\$ 789,659	\$ 8,505,957	\$ 9,602,575	89%
4010 · System meter charge	\$ 138,936	\$ 1,372,462	\$ 1,458,965	94%
4020 · CWA/IAC	\$ 37,650	\$ 422,323	\$ 457,906	92%
4040 · Penalties / other	\$ 11,249	\$ 140,851	\$ 130,000	108%
Total Water Sales	\$ 977,494	\$ 10,441,593	\$ 11,649,446	90%
4100 · Capacity Fees LWD	\$ 7,278	\$ 57,870	\$ 57,030	101%
4101 · SDCWA Capacity & Treatment	\$ 10,693	\$ 63,255	\$ 85,186	74%
4200 · Meter Services	\$ 3,941	\$ 15,555	\$ 35,000	44%
4210 · Engineering & Inspection Fees	\$ -	\$ 37,186	\$ 7,500	496%
4220 · Fire Hydrants	\$ -	\$ 15,375	\$ 30,000	51%
4230 · Tapping	\$ -	\$ 15,000	\$ 15,000	100%
4300 · Miscellaneous Income	\$ 30	\$ 62,966	\$ 20,000	315%
4310 · Water Letters	\$ 400	\$ 2,850	\$ 250	1,140%
4400 · Rent - Land Lease	\$ 8,823	\$ 294,510	\$ 291,770	101%
4600 · Interest Income	\$ 32,535	\$ 390,764	\$ 315,000	124%
4700 · Taxes Revenue	\$ 24,827	\$ 820,142	\$ 800,000	103%
Total Operating Revenue	\$ 1,066,021	\$ 12,217,066	\$ 13,306,182	92%
Expense				
Administrative and General				
7000 · General Manager/Secretary	\$ 18,833	\$ 210,423	\$ 234,000	90%
7001 · Incentive Compensation	\$ -	\$ 14,000	\$ 14,000	100%
7020 · Director's Fees	\$ 625	\$ 6,750	\$ 10,750	63%
7100 · General Insurance	\$ -	\$ 101,914	\$ 66,575	153%
7200 · Annual Audit	\$ -	\$ 33,555	\$ 31,000	108%
7210 · Attorney Fees	\$ 128	\$ 13,427	\$ 30,000	45%
7230 · Consultants	\$ 12,233	\$ 44,381	\$ 8,000	555%
7300 · Elections/Registrar	\$ -	\$ -	\$ 2,000	0%
7320 · Lafco Operating Costs	\$ -	\$ 3,994	\$ 5,634	71%
7401 · Administrative Expense	\$ -	\$ 4,021	\$ 7,000	57%
7450 · Public Info/Public Relat	\$ -	\$ 13,497	\$ 11,350	119%
7500 · State Health Dept./ SWRCB	\$ -	\$ 46,434	\$ 49,064	95%
7800 · Bad Debt Expense	\$ -	\$ -	\$ 2,000	0%
7900 · Water Dev./Conservation Program	\$ -	\$ -	\$ 9,500	0%
Total Administrative and General	\$ 31,819	\$ 492,396	\$ 480,873	102%

	May 26	Jul '25 - May 26	Budget	% of Budget
Operations and Maintenance				
5000 · Water Purchases	\$ 737,615	\$ 7,574,045	\$ 7,994,040	95%
5075 · Padre Dam Deliver Charge	\$ -	\$ -	\$ 2,600	0%
5080 · Water Treatment & Testing	\$ 1,450	\$ 20,545	\$ 24,000	86%
5090 · Infrastructure Access Charge	\$ 37,465	\$ 411,845	\$ 443,760	93%
5091 · SDCWA Capacity & Treatment Fees	\$ 17,376	\$ 69,938	\$ 111,353	63%
5100 · Electric Power	\$ 22,168	\$ 266,083	\$ 327,000	81%
5200 · Water Treatment -Maint/Supplie	\$ 6,507	\$ 135,222	\$ 80,000	169%
5627 · County - Road Improvements	\$ -	\$ -	\$ 15,000	0%
5628 · Telemetry Repair	\$ -	\$ 14,866	\$ 15,000	99%
6000 · Wages, Field	\$ 59,920	\$ 725,665	\$ 866,513	84%
6100 · Distribution - Maint/Supplies	\$ 9,360	\$ 130,660	\$ 130,000	101%
6102 · Dist. Pump & Maint	\$ -	\$ 59,888	\$ 60,000	100%
6110 · Emergency Repairs & Service	\$ 564	\$ 21,533	\$ 45,000	48%
6200 · Trucks-Fuel,Maintenance,Repair	\$ 11,313	\$ 67,227	\$ 70,000	96%
6400 · Outside Labor	\$ 3,313	\$ 17,724	\$ 42,000	42%
6410 · Engineering	\$ 489	\$ 3,541	\$ 20,000	18%
7010 · Wages, Office	\$ 28,805	\$ 305,486	\$ 340,000	90%
7030 · Payroll Taxes	\$ 8,276	\$ 92,647	\$ 102,508	90%
7040 · Group Insurance	\$ 32,077	\$ 352,791	\$ 326,740	108%
7050 · CalPers Retirement	\$ 13,784	\$ 212,956	\$ 253,503	84%
7070 · Unemployment Insurance	\$ -	\$ -	\$ 5,000	0%
7400 · Office Expense	\$ 14,450	\$ 178,472	\$ 157,714	113%
7440 · Dues & Subscriptions	\$ 832	\$ 37,902	\$ 32,000	118%
7920 · Miscellaneous Expense	\$ 266	\$ 5,198	\$ 6,000	87%
Total Operations and Maintenance	\$ 1,006,030	\$ 10,704,234	\$ 11,469,731	93%
Total Expense	\$ 1,037,849	\$ 11,196,630	\$ 11,950,604	94%
Net Ordinary Income	\$ 28,172	\$ 1,020,436	\$ 1,355,578	75%
Capital Requirements				
1510 · Buildings & Land Improvements	\$ -	\$ 4,949	\$ 4,000	124%
1520 · O & M Equipment	\$ 1,084	\$ 6,845	\$ 10,000	68%
1530 · Office Furniture & Equipment	\$ -	\$ 7,500	\$ 15,000	50%
1547 · CIP Design/Engineering	\$ -	\$ 15,235	\$ 5,000	305%
1550 · Pumping Plant & Distribution	\$ 240	\$ 31,048	\$ 30,000	103%
1551 · New Service/Meters	\$ -	\$ 9,459	\$ 10,000	95%
1580 · SCADA Telemetry Upgrade	\$ 4,111	\$ 31,726	\$ 30,000	106%
1581 · Yerba Valley Annexation Pipeline	\$ 3,174	\$ 28,918	\$ 450,000	6%
1582 · Operations, Eng. & Security Bldg.	\$ 1,653	\$ 269,640	\$ 195,000	138%
1583 · Julian Ave. Multiple Pipe Rep.	\$ -	\$ 14,655	\$ 20,000	73%
1584 · Rocoso Rd. Pipe Replacement Eng.	\$ -	\$ 6,060	\$ 20,000	30%
Total Capital Expense	\$ 10,262	\$ 426,035	\$ 789,000	54%

Lakeside Water District
Investment Report
As of May 31, 2026

	May 31, 26
Current Assets	
Checking/Savings	
1020 · UBS Cash Fund	12,543
1030 · King Cash Fund	86,547
1050 · Multi-Bank Securities, Inc.	101,883
1070 · Investment - LAIF	1,032
Total Checking/Savings	202,004
Other Current Assets	
Investments	
1321.70 · Mrgn Stanley BK 4.45% 6/6/29	115,000
1321.71 · First Gty Bk Hamm 4.35% 11/6/28	199,900
1321.73 · FHLB 4.09% 11/25/30	245,005
1321.74 · FHLMC Med 4.170% 01/27/31	245,005
1351.38 · Toyota 0.95% 7/22/26 57542	140,000
1351.39 · Synchrony 0.9% 8/20/26 27314	119,000
1351.40 · FHLN 0.9% 8/26/26	640,000
1351.41 · ConnectOneBk 0.8% 9/24/26 57919	136,000
1351.42 · PentagonFed 0.9% 9/29/26 227	249,000
1351.43 · FHLN 1.1% 10/13/26	350,000
1351.44 · FHLN 1.375% 11/16/26	270,000
1351.45 · FHLB 1.65% 12/30/26	270,000
1351.46 · FHLN 2.5% 3/29/27	270,000
1351.48 · StBk India 3.3% 6/1/27 33682	100,000
1351.49 · TSTRY 2.375% 5/15/27	346,490
1351.51 · Morgan S Privt Bk 3.7% 9/26/29	245,000
1351.52 · Morgan S Bk 3.7% 9/26/29	105,000
1351.54 · Cross Riv Bk Teaneck 4% 1/3/28	245,000
1351.55 · AMEX NATL BK 4.15% 3/26/30	244,000
1351.56 · EAGLEBK BETH 4.05% 4/17/28	249,000
1351.57 · MILESTONE BANK 3.95% 4/28/28	245,000
1351.58 · FNBA 3.85% 4/30/29	249,000
1351.59 · Medallion BK 4.050% 5/19/28	249,000
1351.60 · UBS BK USA 4.10% 5/22/28	249,000
1351.61 · USF FCU 4.00% 7/30/30	249,000
1351.62 · Valley Nat'l Bk 3.95% 07/31/28	245,000
1351.63 · Connexus 3.75% 9/18/28	249,307
1351.64 · Royal BK CDA 4.10% 9/30/30	500,000
1351.65 · Gold Sachs BK USA 3.70% 10/7/30	245,000
1351.66 · Gulf Coast B&T 3.65% 11/25/30	245,000
1351.67 · Texas EXC Bank 3.75% 11/26/29	249,000
1351.68 · 3rd Fed SVG & LN 3.75% 12/19/30	245,000
1351.69 · Farmers & Merch. 3.70% 12/31/30	249,000

	May 31, 26
1351.70 · Customers Bank 3.80% 2/26/31	245,000
1351.71 · Celtic Bank 3.75% 2/27/31	249,000
1351.72 · Sunwest BK/UT 3.65% 2/27/31	249,000
1351.73 · Optum Bank 3.70% 3/11/31	245,000
1351.74 · Enterprise Bank 3.70% 3/17/31	249,000
1351.75 · Fannie Mae 4.00% 3/24/31	450,000
1383.27 · FHLB 2.5% 2/25/27	670,000
1383.28 · BealBk 2.05% 3/3/27 57833	247,000
1383.29 · FHLB 2.5% 3/30/27	200,000
1383.30 · FHLB 3.25% 4/21/27	255,000
1383.31 · FHLB 3% 4/29/27 no call 24mo	250,000
1383.32 · FHLB 3.375% 5/28/27 no call24mo	255,000
1383.33 · AllyBk 3% 6/9/26 57803	139,000
1383.34 · SALLMA 4.3% 07/27/29	244,000
1383.35 · UBS 4.2% 07/24/29	248,000
1383.36 · FNMA 4.375% 8/6/29	179,185
1383.37 · Valley Natl 4.15% 1/27/28	244,000
1383.40 · FHLB 4.125% 10/5/29	204,693
1383.41 · FHLB 4.375% 6/24/2030	185,879
1383.42 · Farmer MAC 4.26% 7/16/30	496,980
1383.44 · FNMA 4.00% 8/20/30	899,550
1383.45 · FNMA 3.75% 1/7/31	320,000
1383.46 · JPMC Bank 4.00% 3/26/31	240,000
Total Investments	15,216,993
Total Current Assets	15,418,997

Investment Changes in May 2026

*** No Activity

Investments by Maturity

May 2026

Description	Cusip	Maturity	Rate	Amount	Est. Yr Interest	Avg Rate
King Fidelity Treasury MM	FZFX		4.11%	\$ 567	\$ 23.29	
Maturity in 2025	\$ 567	0%				4.11%
Ally Bank	02007GSU8	6/9/2026	3.00%	\$ 139,000	\$ 4,170.00	
Toyota Fin	89235MLD1	7/22/2026	0.95%	\$ 140,000	\$ 1,330.00	
Synchrony	87165GD74	8/20/2026	0.90%	\$ 119,000	\$ 1,071.00	
FHLB	3130ANJT8	8/26/2026	0.90%	\$ 640,000	\$ 5,760.00	
ConnectOneBk	20786ADL6	9/24/2026	0.80%	\$ 136,000	\$ 1,088.00	
PentagonFed	70962LAS1	9/29/2026	0.90%	\$ 249,000	\$ 2,241.00	
FHLN	3130APB87	10/13/2026	1.10%	\$ 350,000	\$ 3,850.00	
FHLN	3130APLP8	11/16/2026	1.38%	\$ 270,000	\$ 3,712.50	
FHLB	3130AQBE2	12/30/2026	1.65%	\$ 270,000	\$ 4,455.00	
Maturity in 2026	\$ 2,313,000	15%				1.20%
FHLB	3130AQYG2	2/25/2027	2.50%	\$ 670,000	\$ 16,750.00	
Beal Bk	07371CK81	3/3/2027	2.05%	\$ 247,000	\$ 5,063.50	
FHLB	3130ARDY4	3/29/2027	2.50%	\$ 270,000	\$ 6,750.00	
FHLB	3130ARCL3	3/30/2027	2.50%	\$ 200,000	\$ 5,000.00	
FHLB	3130ARKD2	4/21/2027	3.25%	\$ 255,000	\$ 8,287.50	
FHLB	3130ARMS7	4/29/2027	3.00%	\$ 250,000	\$ 7,500.00	
US Treasury	912828X88	5/15/2027	3.54%	\$ 346,490	\$ 12,265.75	
FHLB	3130ARYQ8	5/28/2027	3.37%	\$ 255,000	\$ 8,593.50	
State Bank India N	856285N64	6/1/2027	3.30%	\$ 100,000	\$ 3,300.00	
Maturity in 2027	\$ 2,593,490	17%				2.83%
Cross Riv BK Teaneck	227563LU5	1/3/2028	4.00%	\$ 245,000	\$ 9,800.00	
Valley National Bk	919853PX4	1/28/2028	4.15%	\$ 244,000	\$ 10,126.00	
EAGLEBANK Bethesda	27002Y-HN-9	4/17/2028	4.05%	\$ 249,000	\$ 10,084.50	
Milestone BK SALT	59934M-DC-9	4/28/2028	3.95%	\$ 245,000	\$ 9,677.50	
Medallion BK Salt	58404D-XT-3	5/19/2028	4.05%	\$ 249,000	\$ 10,084.50	
UBS BK USA	90355G-WG-7	5/22/2028	4.10%	\$ 249,000	\$ 10,209.00	
Valley Nat'l Bk	919853QZ7	7/31/2028	3.95%	\$ 245,000	\$ 9,677.50	
Connexus	20825WES5	9/18/2028	3.75%	\$ 249,307	\$ 9,349.01	
1st Gty Bk Hammond	320437AT3	11/6/2028	4.35%	\$ 199,900	\$ 8,695.65	
Maturity in 2028	\$ 2,175,207	14%				4.03%
FNBA	32110Y-T7-0	4/30/2029	3.85%	\$ 249,000	\$ 9,586.50	
Mrgn Stanley BK	61776CPV3	6/6/2029	4.45%	\$ 115,000	\$ 5,117.50	
UBS	90355GPU4	7/24/2029	4.20%	\$ 248,000	\$ 10,416.00	
SALLMA	795451DM2	7/24/2029	4.30%	\$ 244,000	\$ 10,492.00	
FNMA	3135GAU25	8/6/2029	4.38%	\$ 179,185	\$ 7,839.32	
Morgan S Privt Bk	61768UPS0	9/26/2029	3.70%	\$ 245,000	\$ 9,065.00	
Morgan S Bk	61776CBR7	9/26/2029	3.70%	\$ 105,000	\$ 3,885.00	
FHLB	3130B34U4	10/5/2029	4.13%	\$ 204,693	\$ 8,443.57	
Texas EXC Bank	88241TXB1	11/26/2029	3.75%	\$ 249,000	\$ 9,337.50	

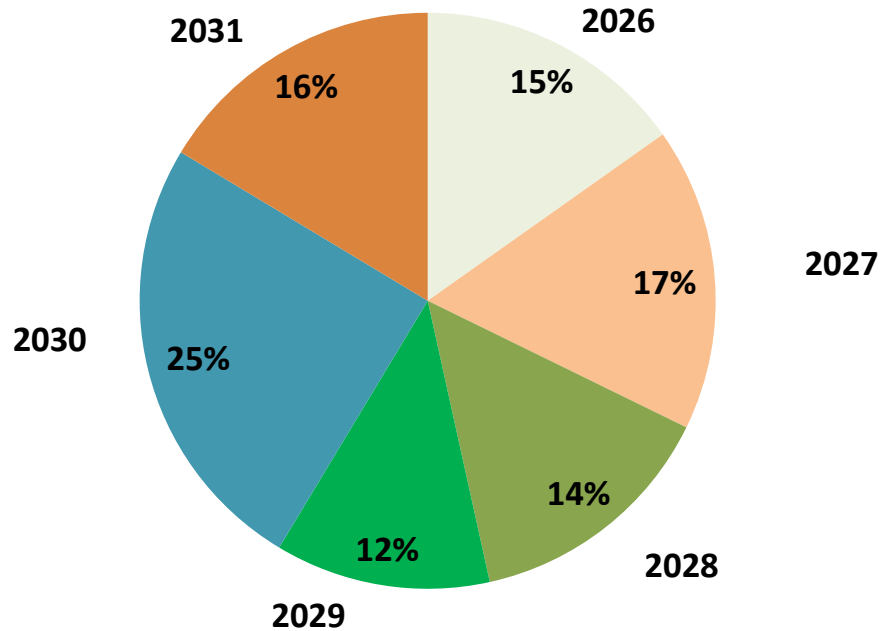
Investments by Maturity

May 2026

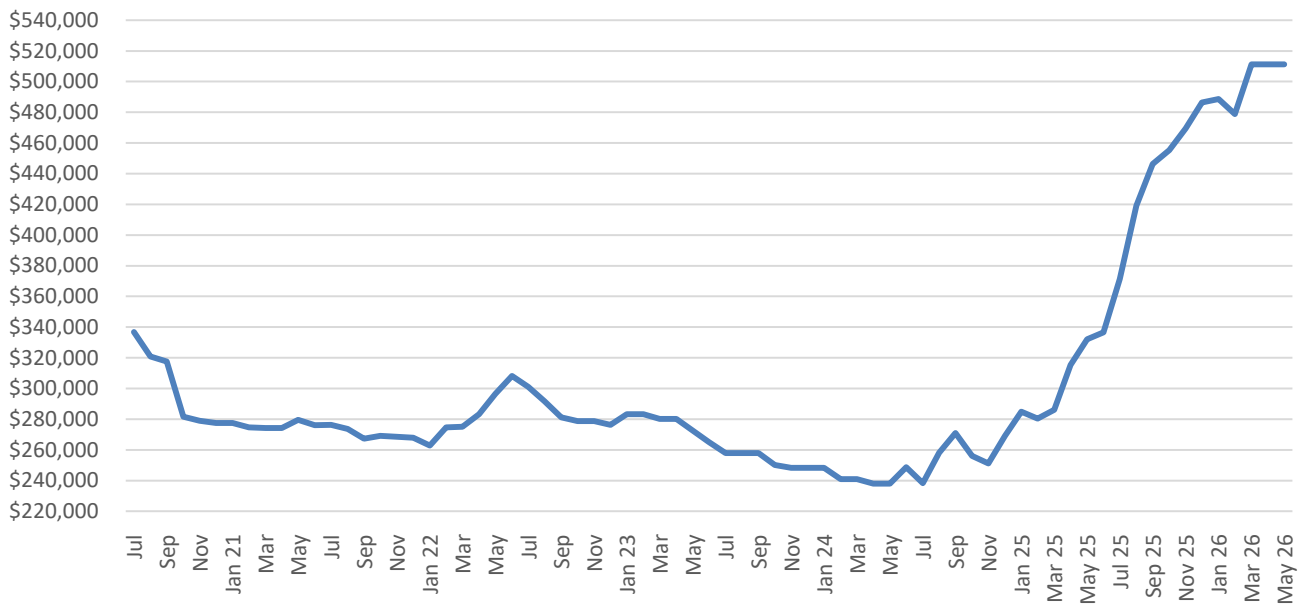
<u>Description</u>	<u>Cusip</u>	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>	<u>Est. Yr Interest</u>	<u>Avg Rate</u>
Maturity in 2029 \$ 1,838,877 12% 4.03%						
American Express Nat'l Bk	02589AGX4	3/26/2030	4.15%	\$ 244,000	\$ 10,126.00	
FHLB	3130B6T22	6/24/2030	4.38%	\$ 185,879	\$ 8,132.20	
Farmer MAC	31424WK43	7/16/2030	4.26%	\$ 496,980	\$ 21,171.35	
USF FCU	90353ECE1	7/30/2030	4.00%	\$ 249,000	\$ 9,960.00	
Fedl Natl MTG Assn	3136GANN5	8/20/2030	4.00%	\$ 899,550	\$ 35,982.00	
Royal BK CDA	RY6190844	9/30/2030	4.10%	\$ 500,000	\$ 20,500.00	
Gold SachsBK USA	38151PAH4	10/7/2030	3.70%	\$ 245,000	\$ 9,065.00	
Gulf Coast B&T	402194GS7	11/25/2030	3.65%	\$ 245,000	\$ 8,942.50	
FHLB	3130B8LT7	11/25/2030	4.09%	\$ 245,005	\$ 10,020.71	
3rd Fed SVG & LN	88413Q-JK-5	12/19/2030	3.75%	\$ 245,000	\$ 9,187.50	
Farmers & Merchants	308862-EH-O	12/31/2025	3.70%	\$ 249,000	\$ 9,213.00	
Maturity in 2030 \$ 3,804,414 25% 4.00%						
FNMA	3136GCDK8	1/7/2031	3.75%	\$ 320,000	\$ 12,000.00	
FHLMC Med	3134HCPG8	1/27/2031	4.17%	\$ 245,005	\$ 10,216.72	
Customers Bank	23204H-RQ-3	2/26/2031	3.80%	\$ 245,000	\$ 9,310.00	
Celtic Bank Salt Lake	15118R-4D-6	2/27/2031	3.75%	\$ 249,000	\$ 9,337.50	
Sunwest Bank/UT	86804DDM7	2/27/2031	3.65%	\$ 249,000	\$ 9,088.50	
Optum Bank	68405V-FL-8	3/11/2031	3.70%	\$ 245,000	\$ 9,065.00	
Enterprise Bank	29367R-NQ-5	3/17/2031	3.70%	\$ 249,000	\$ 9,213.00	
Fannie Mae	3136GCVD4	3/24/2031	4.00%	\$ 450,000	\$ 18,000.00	
JPMC Bank	46659CZC7	3/26/2031	4.00%	\$ 240,000	\$ 9,600.00	
Maturity in 2031 \$ 2,492,005 16% 3.85%						
				<u>Investments</u>	<u>Annual Interest</u>	<u>Avg</u>
Total				\$ 15,217,560	\$ 511,228	3.36%

Description	Cusip	Maturity	Rate	Amount	Est. Yr Interest	Avg Rate
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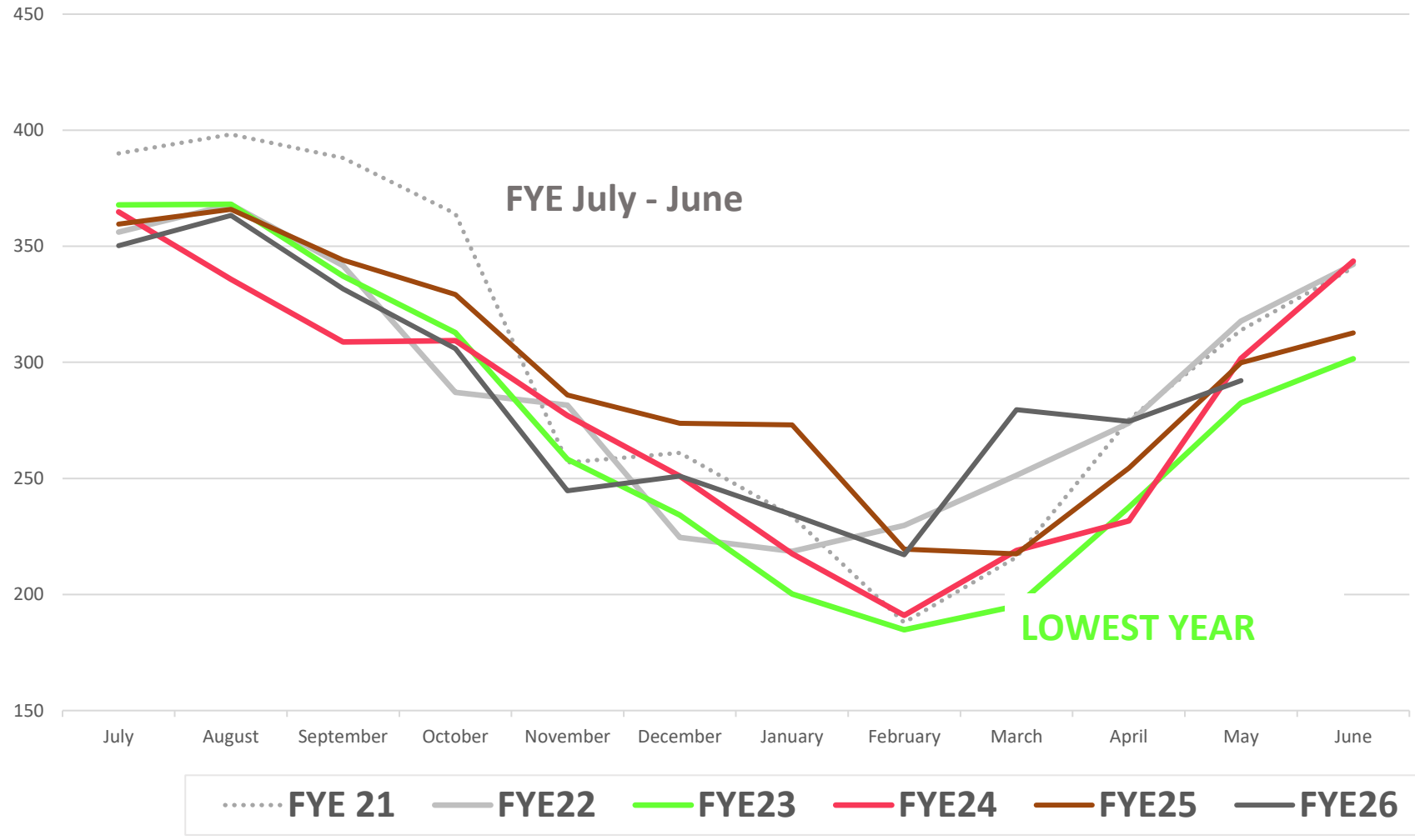
Investments by Maturity Year



Annual Projected Interest *On a monthly basis*



Water Demand



OPERATIONS REPORT
July 2026
BOARD OF DIRECTORS MEETING

General Operation:

- *EOS Building updates*
- *Extended outage on our connection with Helix*
- *Meetings with Yerba Valley group to finalize connection points*
- *Part time meter reader hired*
- *Interviews ongoing to hire two new full-time employees*

Contractor/ Developer/ County Projects:

- *River Street-City of San Diego job*
- *Wintercrest and Wintergardens “Green Streets” project*

District Emergencies Repairs:

- *Main breaks 0*
- *Service leaks 0*
- *Fire hydrants 0*

RESOLUTION 2026-07

RESOLUTION OF THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT ESTABLISHING APPROPRIATION LIMIT FOR THE DISTRICT'S 2026-2027 FISCAL YEAR COMMENCING JULY 1, 2026

WHEREAS, Article XIII B of the California Constitution ("Article XIII B") limits the appropriations of certain state and local agencies, including special districts; and

WHEREAS, Lakeside Water District (the "District"), an irrigation district, is a local jurisdiction and special district subject to the provisions of Article XIII B; and

WHEREAS, Division 9 of Title 1 of the Government Code (commencing at Section 7900) sets forth certain procedures and requirements to be followed by the District in fixing and determining its appropriations limit; and

WHEREAS, Section 7910(a) of the Government Code requires the Board of Directors of the District (the "Board"), as the governing body of the District, by resolution, to establish the appropriations limit of the District and to make other necessary determinations for the following fiscal year pursuant to Article XIII B at a regularly scheduled or noticed special meeting of the Board; and

WHEREAS, under Article XIII B the District's appropriations limit is to be adjusted each fiscal year to account for population and cost of living changes from the preceding fiscal year, with the determination of cost of living changes to be made with reference to either (A) the percentage change in California per capita personal income from the preceding year, or (B) the percentage change in the local assessment roll from the preceding year for the District due to the addition of local nonresidential new construction, with the method of determination of the cost of living changes to be established annually by a recorded vote of the District's governing body; and

WHEREAS, the District has received data and information from the Department of Finance and from the County of San Diego Auditor/Controller pertinent to the calculation of the percentage changes in population and cost of living applicable to the District (collectively, the "Determination Data"); and

WHEREAS, the Board desires that the District's cost of living change be determined with reference to the percentage change in California per capita personal income from the preceding year; and

WHEREAS, tax payments are made by the County of San Diego to the District in such a manner that, for the purpose of determining the District's appropriations limit the proceeds thereof are deemed as having been received during the fiscal year of the District for which the taxes are budgeted and authorized; and

WHEREAS, pursuant to the requirements of Section 7910(a) of the Government Code, at least fifteen days prior to the date of this meeting the documentation used in the determination of the District's appropriations limit and other necessary determinations have been made available to the public at the office of the District; and

WHEREAS, the Board has fully considered all of the foregoing, including the applicable provisions of Article XIII B and the Government Code referenced above, the revenues and expenditures of the District during the relevant years, the Determination Data, the reports and recommendations of staff and the advice of counsel.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Lakeside Water District, as follows:

1. The Board hereby determines the above recitals to be true and correct.
2. The Board hereby establishes the District's appropriations limit for its 2026-2027 fiscal year, commencing July 1, 2026, at \$976,284.
3. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Directors of Lakeside Water District at a public meeting of said Board held the 7th day of July, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eileen Neumeister, President
Board of Director's

ATTEST: _____
Brett Sanders, Board Secretary
Lakeside Water District

PUBLIC NOTICE

Appropriations Limit for FY 2026-27

At its regularly scheduled meeting on July 7, 2026, the Lakeside Water District will consider establishing the Fiscal Year 2026-27 appropriations limit (Gann Initiative). Below is the documentation used in the determination of the appropriation limit adjustment.

The Board will apply the “Price Factor”; Article XIII B specifies that local jurisdiction select their cost of living factor to compute their appropriations limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2026-27 appropriation limit is:

Lakeside Water District

Price Factor = Per Capita Personal Income (PCPI)

Fiscal Year (FY)	Percentage change over prior year
2026-27	4.95%

Current 2025-26 Appropriations Limit	\$ 815,897
2026-27 Proposed (PCPI) Adjustment – 4.95%	\$ 40,387
LWD Community Facilities District 2022-01	\$ 120,000
Allowable Appropriation Limit FY 2026-27	\$ 976,284



Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

May 1, 2026

Dear Fiscal Officer:

Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2026, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2026–27. Attachment A provides the change in California's per capita personal income and an example for utilizing the factors to calculate the 2026–27 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. [California Revenue and Taxation Code section 2228](#) provides additional information regarding the appropriations limit. [Article XIII B, section 9\(C\) of the California Constitution](#) exempts certain special districts from the appropriations limit calculation mandate. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2026.** Please note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

/s Erika Li
Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2026–27 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2026-27	4.95

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2026–27 appropriation limit.

2026–27:

Per Capita Cost of Living Change = 4.95 percent
Population Change = -0.14 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.95 + 100}{100} = 1.0495$

Population converted to a ratio: $\frac{-0.14 + 100}{100} = 0.9986$

Calculation of factor for FY 2026–27: $1.0495 \times 0.9986 = 1.0480$

RESOLUTION 2026-08

RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKESIDE WATER DISTRICT ADOPTING FIVE YEAR CAPITAL IMPROVEMENT PLAN

WHEREAS, the Lakeside Water District has completed a five-year capital improvement updated plan ending in fiscal year 2030/2031; and

WHEREAS, the district has identified capital improvement projects and expenditures which may be constructed in the next five-year period beginning in fiscal year 2026/2027 and ending 2030/2031; and

WHEREAS, the district has identified sources of funding which include water rate revenue, capacity fees and capital improvement and rate stabilization reserves to complete the five-year capital improvement projects and expenditures; and

WHEREAS, the projects and expenditures identified are necessary for the efficient operation of the distribution, transmission and treatment systems;

NOW, THEREFORE, IT IS HERE RESOLVED DETERMINED AND ORDERED, by the Board of Directors of the Lakeside Water District as follows:

The attached Exhibit "A" lists the capital improvement projects and expenditures, which are approved for completion.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Lakeside Water District held on the 7th day of July 2026, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Brett Sanders, Secretary
Lakeside Water District

Eileen Neumeister, President
Board of Directors

LAKESIDE WATER DISTRICT 5 YEAR CAPITAL IMPROVEMENT PLAN

2026/27 through 2030/31

Presentation to Board

July 2026

Exhibit A

C=Complete IP=In Progress AC=Annual Capital MT=Moved To MF=Moved From A=Annual
Moved From Moved To Bring In New Carryover Engineering Only

2025/2026	(Current Fiscal Year for Reference)	Total	\$ 789,000
Administration Office Board Room Expansion Project			\$ 195,000
Yerba Valley Annexation Pipeline Installation			\$ 450,000
Julian Ave. Multiple Pipe Replacement (Los Coches Rd. to Lakeview Rd.) (Engineering)			\$ 20,000
Rocoso Rd. Pipe Replacement Engineering			\$ 20,000
SCADA Telemetry Upgrades			\$ 30,000
Buildings & Land Improvements			\$ 4,000
O & M Equipment (Replacement Construction Equipment)			\$ 10,000
Office Furniture & Equipment			\$ 15,000
Plant & Distribution (Miscellaneous System Upgrades)			\$ 30,000
New Service & Meters			\$ 10,000
CIP Design and Engineering			\$ 5,000
2026/2027		Total	\$1,889,000
Single Oak Pump Station Rehabilitation (Built 1972) (Engineering)			\$ 20,000
Yerba Valley Annexation Pipeline Installation (Carryover + add)			\$ 600,000
Julian Ave. Multiple Pipe Replacement (Los Coches Rd. to Lakeview Rd.) (Two-year project, first year)			\$1,100,000

Vehicle Replacement (Truck 4 – ¼ tn. Service Truck) (Sport Trac)	\$ 75,000
Buildings & Land Improvements	\$ 24,000
O & M Equipment (Replacement Construction Equipment)	\$ 10,000
Office Furniture & Equipment	\$ 15,000
Plant & Distribution (Miscellaneous System Upgrades)	\$ 30,000
New Service & Meters	\$ 10,000
CIP Design and Engineering	\$ 5,000

2027/2028	Total	\$1,609,000
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Julian Ave. (Los Coches to Lakeview) (Multiple Pipe Consolidation) (Two year project, second year)	\$1,100,000
Single Oak Pump Station Piping and Pump Upgrade (Built 1972)	\$ 225,000
Vine Street Well 9 (Engineering)	\$ 45,000
Casa Vista Pipeline Repl. Consolidate and Extend (Move from 2030-31)	\$ 90,000MF
Vehicle Replacement (Service Truck)	\$ 75,000
Buildings & Land Improvements	\$ 4,000
O & M Equipment (Replacement Construction Equipment)	\$ 10,000
Office Furniture & Equipment	\$ 15,000
Plant & Distribution (Miscellaneous System Upgrades)	\$ 30,000
New Service & Meters	\$ 10,000
CIP Design and Engineering	\$ 5,000

2028/2029	Total	\$ 2,224,000
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Vine Street Well 9 Construction Project (New)	\$1,100,000
El Monte Reservoir Tank Rehabilitation Built in 1960	\$ 950,000
Single Oak Reservoir Rehabilitation 1996 (Rehab) (Engineering) (Moved from 2026/27)	\$ 20,000

Johnson Lake Pump Station Rehab. (Built in 1972) (Engineering) (Moved from 2023/24)	\$ 20,000
Wintergardens Pump Station Rehabilitation (Built 1981) (Engineering)	\$ 20,000
Buildings & Land Improvements	\$ 4,000
Vehicle Replacement (Service Truck)	\$ 40,000
O & M Equipment (Replacement Construction Equipment)	\$ 10,000
Office Furniture & Equipment	\$ 15,000
Plant & Distribution (Miscellaneous System Upgrades)	\$ 30,000
New Service & Meters	\$ 10,000
CIP Design and Engineering	\$ 5,000
2029/2030	Total \$ 1,545,000
Wintergardens Pump Station Rehabilitation (Built 1981) (Rehab) (NEW)	\$ 450,000
Johnson Lake Pump Station Rehab. (Built in 1972) (Rehab) (Moved from 2023/24)	\$ 476,000
Single Oak Reservoir Rehabilitation Last Rehab 1998 (Moved from 2026/27)	\$ 450,000
Valle Vista Reservoir Rehabilitation Last Rehab 2003 (Engineering) (NEW)	\$ 35,000
Lakeshore Drive Pipeline Repl. (Vine St. to Lakeview Rd.) (Engineering)	\$ 20,000
Buildings & Land Improvements	\$ 4,000
Vehicle Replacement (Service Truck)	\$ 40,000
O & M Equipment (Replacement Construction Equipment)	\$ 10,000
Office Furniture & Equipment	\$ 15,000
Plant & Distribution (Miscellaneous System Upgrades)	\$ 30,000
New Service & Meters	\$ 10,000
CIP Design and Engineering	\$ 5,000

2030/2031	Total	\$ 1,714,000
Lakeshore Drive Pipeline Repl. (Vine St. to Lakeview Rd.)		\$ 800,000
Valle Vista Reservoir Rehabilitation 2003 (Rehab)	(NEW)	\$ 800,000
Buildings & Land Improvements		\$ 4,000
Vehicle Replacement (Service Truck)		\$ 40,000
O & M Equipment (Replacement Construction Equipment)		\$ 10,000
Office Furniture & Equipment		\$ 15,000
Plant & Distribution (Miscellaneous System Upgrades)		\$ 30,000
New Service & Meters		\$ 10,000
CIP Design and Engineering		\$ 5,000

RESOLUTION 2026-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKESIDE WATER DISTRICT ADOPTING BUDGET FOR THE FISCAL YEAR 2026/2027

IT IS HEREBY RESOLVED, by the Directors of the Lakeside Water District as follows:

That the budget for the Lakeside Water District attached hereto as Exhibit "A" is hereby adopted as the budget of this District for the period commencing July 1, 2026 ending June 30, 2027.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Lakeside Water District held on the 7th day of July 2026, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Eileen Neumeister, President
Board of Director's

Brett Sanders, Secretary
Lakeside Water District

Lakeside Water District Budget Summary 2026/2027

SUMMARY - ADMINISTRATION

1 Director's Fees • 7020	\$ 10,750
2 Annual Audit • 7200	\$ 31,000
3 General Manager/Secretary • 7000	\$ 291,000
4 Attorney's Fees • 7210	\$ 40,000
5 Insurance and Bonds • 7100	\$ 101,914
6 Elections/Registrar • 7300	\$ 2,000
7 Administrative Expense • 7401	\$ 7,000
8 Public Relations • 7450	\$ 2,000
9 Consulting • 7230	\$ 40,000
10 Bad Debt Expense • 7800	\$ 2,000
11 State Health Dept. & Water Resources • 7500	\$ 50,000
12 Water Dev./Conservation • 7900	\$ 2,000
13 Lafco Operating Costs • 7320	\$ 5,000
14 Incentive Compensation • 7001	\$ 10,000
TOTAL	\$ 594,664

SUMMARY - OPERATIONS & MAINTENANCE

1 Office Expense • 7400	\$ 165,600
2 Electrical Power • 5100	\$ 327,000
3 Payroll, Office • 7010	\$ 374,203
4 Payroll, Field • 6000	\$ 918,453
5 Outside Labor • 6400	\$ 42,000
6 Dues & Subscriptions • 7440	\$ 32,000
7 Distribution (Maintenance/Supplies) • 6100	\$ 140,000
8 Distribution Pump & Motor Maintenance • 6102	\$ 60,000
9 Emergency Repairs & Services • 6110	\$ 45,000
10 Water Treatment (Maintenance/Supplies) • 5200	\$ 110,000
11 Telemetry Repair • 5628	\$ 15,000
12 Water Purchases • 5000	\$ 9,558,214
13 Padre Dam Delivery (Wheeling) • 5075	\$ 2,600
14 County of S.D. Road Improvements • 5627	\$ 15,000
15 Trucks ~ Fuel, Maintenance, Repairs • 6200	\$ 70,000
16 Miscellaneous Expense • 7920	\$ 6,000
17 Water Treatment & Testing • 5080	\$ 22,000
18 Engineering, Architectural, Surveying • 6410	\$ 20,000
19 Payroll Tax • 7030	\$ 110,000
20 Group Insurance • 7040	\$ 420,000

Lakeside Water District Budget Summary 2026/2027

21 Retirement • 7050	\$ 275,000
22 Unemployment Insurance • 7070	\$ 2,500
23 SDCWA Capacity & Treatment • 5091	\$ 212,321

TOTAL	\$ 12,942,891
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TOTAL OPERATING EXPENSES

Administraton	\$ 594,664
Operations & Maintenance	\$ 12,942,891
TOTAL	\$ 13,537,555

CAPITAL REQUIREMENTS - SUMMARY

1 Plant & Distribution • 1550	\$ 30,000
2 New Services/Meters • 1551	\$ 10,000
3 O&M Equipment (Hand Tools/Misc) • 1520	\$ 10,000
4 Buildings & Land Improvements • 1510	\$ 24,000
5 Office Equipment & Furnishings • 1530	\$ 15,000
6 Capital Improvement Design/Engineering • 1547	\$ 5,000
7 Yerba Valley Annexation Pipeline • 1581	\$ 600,000
8 Julian Ave. Multiple Pipe Replacement • 1583	\$ 1,100,000
9 Single Oak Pump Station Rehab• 1585	\$ 20,000
10 Vehicle Replacement Truck 4 & 5 1/4 Ton Ser. • 1586	\$ 75,000
TOTAL	\$ 1,889,000

EXPENSE SUMMARY

Total Administration Expenses:	\$ 594,664
Total Operating Expenses:	\$ 12,942,891
Total Capital Requirements:	\$ 1,889,000
TOTAL	\$ 15,426,555

Lakeside Water District Budget Summary 2026/2027

REVENUES

1 Water Sales • 4000	\$ 11,904,100
2 Infrastructure Access Charge • 4020	\$ 469,392
3 Service/Meter Installations • 4200	\$ 35,000
4 Delinquent Bill Admin & Processing • 4040	\$ 130,000
5 Payment Fee Allocation • 4050	\$ 40,000
6 Taxes Revenue • 4700	\$ 810,000
7 CFD 2022 Yerba Valley • 4550	\$ 90,000
8 Miscellaneous Income • 4300	\$ 20,000
9 Interest • 4600	\$ 440,000
10 Tapping/Tie-In • 4230	\$ 15,000
11 Property Leases • 4400	\$ 363,365
12 Engineering and Inspection • 4210	\$ 20,000
13 Fire Hydrants & Valve Installations • 4220	\$ 30,000
14 Capacity Fees LWD • 4100	\$ 189,339
15 SDCWA Capacity & Treatment • 4101	\$ 212,321
16 Water Letters • 4310	\$ 2,350
TOTAL	<u>\$ 14,770,867</u>

ESTIMATED OPERATING INCOME STATEMENT

REVENUES:

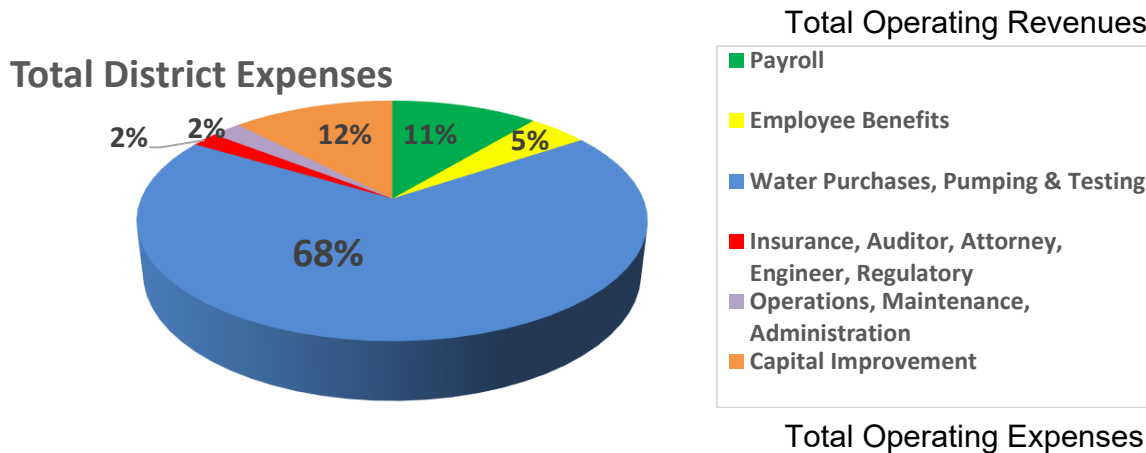
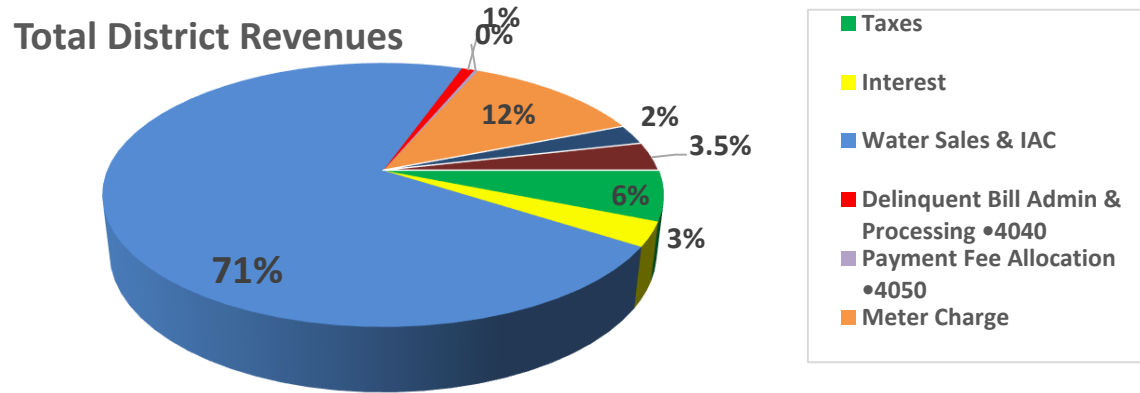
Water Sales	\$ 11,904,100
Other Income	\$ 2,866,767
Total Operating Revenues	<u>\$ 14,770,867</u>

EXPENSES:

Water Purchases	\$ 9,558,214
Administration	\$ 594,664
Operations & Maintenance	\$ 3,384,677
Total Operating Expenses	<u>\$ 13,537,555</u>
Capital Requirements	\$ 1,889,000
Total Budget Requirements	\$ 15,426,555
Income/(Loss)	\$ (655,688)
(From) Rate Stabilization Reserve & Capital Improvement Reserve Fund	\$ 655,688
Less: Depreciation Expense	\$ 739,677
Net Income/(Loss)	(739,677)

LAKESIDE WATER DISTRICT BUDGET 2026/2027

2026/2027 ESTIMATED OPERATING INCOME STATEMENT



Water Sales	\$11,904,100
Other Income	\$2,866,767
Total Operating Revenues	\$14,770,867

Water Purchases	\$9,558,214
Administration	\$594,664
Ops & Maint.	\$3,384,677
Total Operating Expenses	\$13,537,555

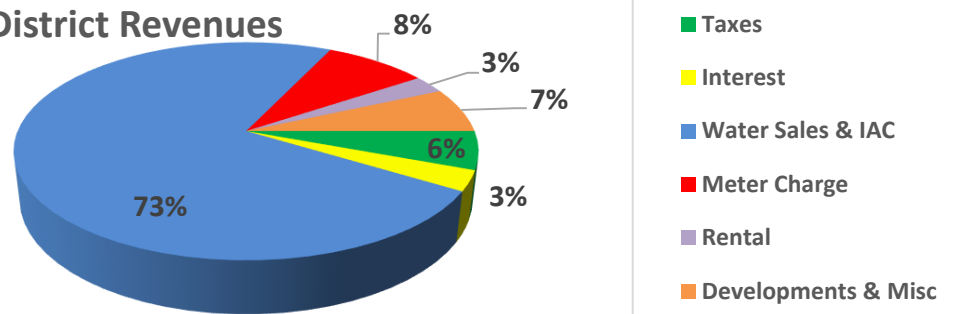
Income/(Loss)	\$1,233,312
(From) Rate Stabilization Reserve & Capital Improvement Reserve Fund	\$655,688
Capital Replacement Requirements	\$1,889,000
Total Income/(Loss)	(\$0)

2026/27 Capital Replacement Expenditure	\$1,889,000
2025 FYE Depreciation Calculation	\$737,128
2026/27 Capital Replacement Expenditure in excess of Depreciation Calculation	\$1,151,872

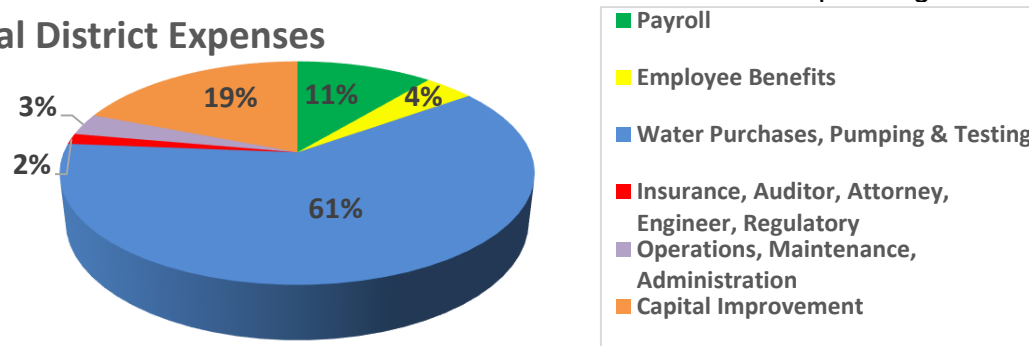
LAKESIDE WATER DISTRICT BUDGET 2025/2026

2025/2026 ESTIMATED OPERATING INCOME STATEMENT

Total District Revenues



Total District Expenses



Water Sales	\$11,061,540
Other Income	\$2,284,642
Total Operating Revenues	\$13,346,182

Water Purchases	\$7,994,040
Administration	\$480,873
Ops & Maint.	\$3,475,691
Total Operating Expenses	\$11,950,604

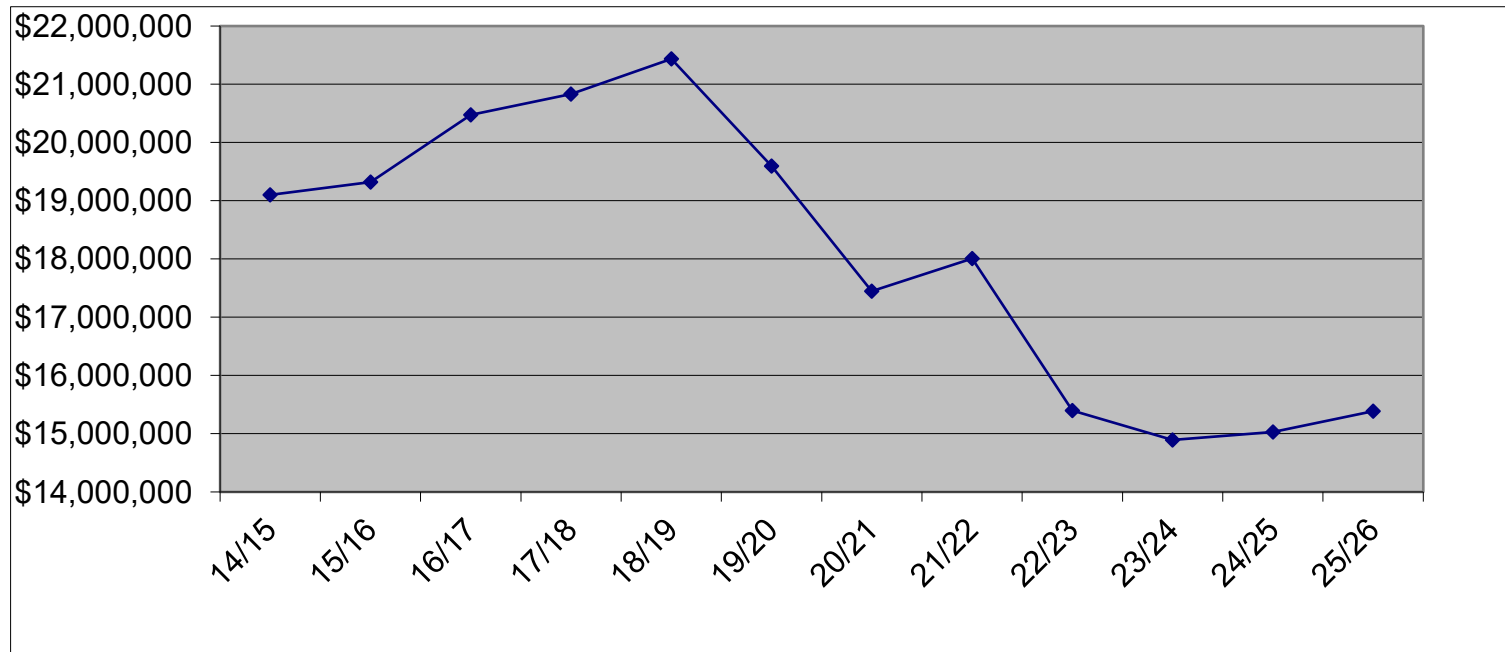
Income/(Loss)	\$1,395,578
(From) Capital Improvement Reserve Fund	(\$606,578)
Capital Replacement Requirements	\$789,000
Total Income/(Loss)	\$0

2025/26 Capital Replacement Expenditure	\$789,000
2024 Depreciation Calculation	\$739,677
2025/26 Capital Replacement Expenditure in excess of Depreciation Calculation	\$49,323

LAKESIDE WATER DISTRICT BUDGET 2026/2027

CASH RESERVES

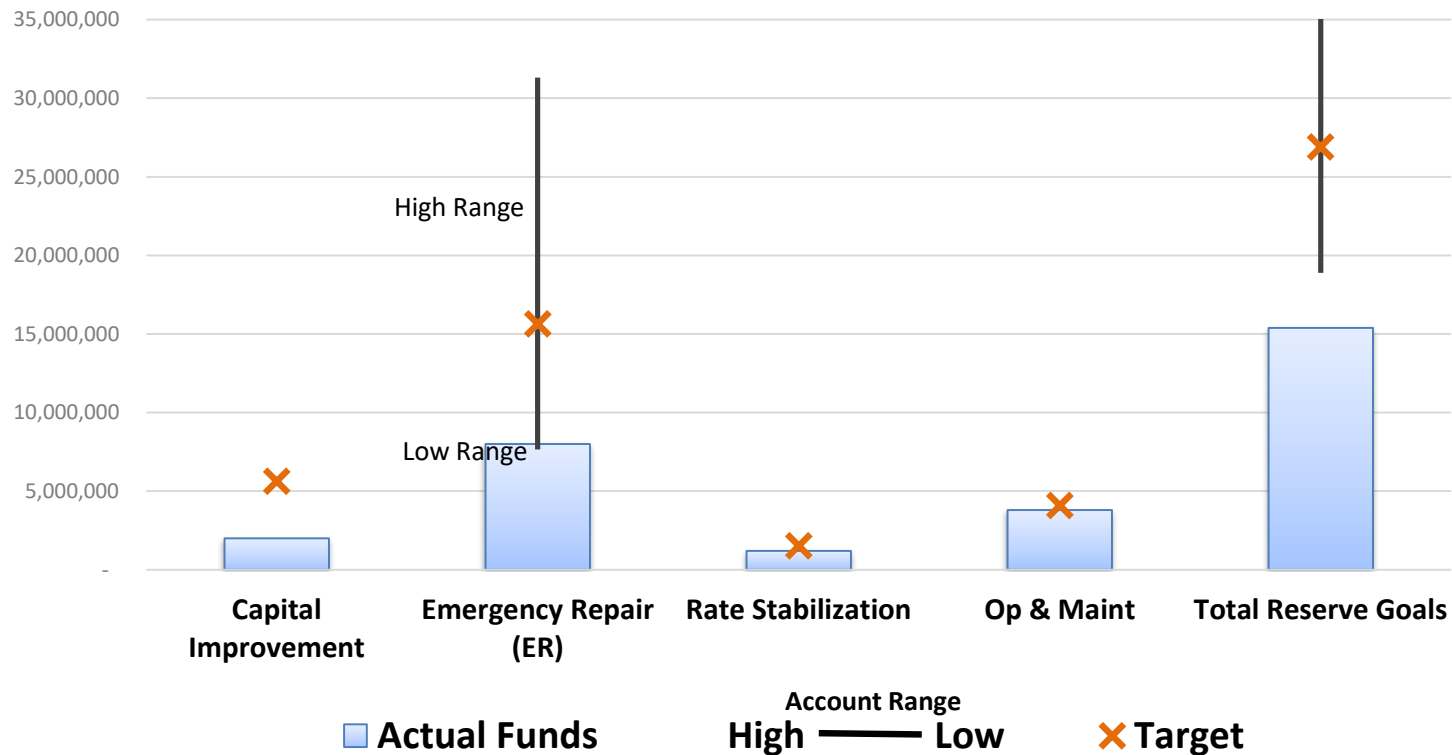
Fiscal Year	Total Investments
14/15	\$19,099,625
15/16	\$19,322,156
16/17	\$20,475,383
17/18	\$20,833,242
18/19	\$21,435,830
19/20	\$19,593,938
20/21	\$17,446,703
21/22	\$18,007,726
22/23	\$15,397,483
23/24	\$14,893,000
24/25	\$15,028,328
25/26	\$15,386,463 Estimate



LAKESIDE WATER DISTRICT BUDGET 2026/2027

Reserve Fund	Target	Low	High	Actual Funds
Capital Improvement	5,632,000			2,000,000
Emergency Repair (ER)	15,650,000	<i>ER LOW</i> 7,650,000	<i>ER HIGH</i> 31,300,000	8,000,000
Rate Stabilization	1,521,156			1,200,000
Op & Maint	4,092,625			3,800,000
Total Reserve Goals	26,895,781	18,895,781	42,545,781	15,386,463

Revenue Summary		
<u>FY</u>	<u>Budgeted to/(from) Reserves</u>	<u>Actual to/(from) Reserves</u>
20/21	(916,431)	320,813
21/22	(1,081,476)	(383,248)
22/23	(2,037,132)	(2,542,660)
23/24	(916,390)	384,806
24/25	(346,085)	675,001



LAKESIDE WATER DISTRICT

BOARD REPORT

TO: Board of Director's
FROM: Brett Sanders
DATE: July 7, 2026
SUBJECT: Community Facilities District No. 2022-1 Local Special Tax and Bond Accountability Report (SB 165)

Recommendation:

Receive and File for record keeping.

Background:

The Board of Directors of the Lakeside Water District (District) acts as the legislative body for Community Facilities District No. 2022-1 (CFD 2022-1). CFD 2022-1 was formed in 2023 which covers the Yerba Valley Annexation. CFD 2022-1 is authorized to levy special taxes for the planning, construction or acquisition of water facilities and administrative expenses as described in more detail in the report and formation documents.

Discussion:

The Local Special Tax and Bond Accountability Report (SB 165) was prepared by Koppel & Gruber Public Finance and in compliance with State Law and provides a summary of the CFD revenues and expenditures for the last completed fiscal year, and the status of projects required or authorized to be funded by the special taxes. This report is required to go to Board as a '**receive and file**' each year.

Fiscal Impact: None beyond the cost of the report. Which will be an administrative fee to the CFD.

Lakeside Water District
Community Facilities District No. 2022-1
(Yerba Valley Annexation Area)

Special Tax Accountability Report
(SB 165)
Fiscal Year 2024/2025

Prepared for:
Lakeside Water District
10375 Vine Street
Lakeside, CA 92040
T. 619.443.3805

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PUBLIC FINANCE

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SECTION I. BACKGROUND AND OVERVIEW

The Local Agency Special Tax and Bond Accountability Act (“Accountability Act”) was enacted by California State Legislature through Senate Bill 165 to provide accountability measures for any local special tax and/or bond measure subject to voter approval on or after January 1, 2001. According to the requirements of the Accountability Act (*Sections 50075.1 and 53410 of the Government Code of the State of California*), the Local Agency Special Tax and Bond Accountability Act Compliance (the “Report”) must be filed annually by the local agency levying a special tax and/or issuing a bond measure on or before each January 1, commencing January 1, 2002 and shall contain a description of the following:

- (1) The amount of funds collected and expended to fund authorized facilities.
- (2) The status of any project required or authorized to be funded by the special tax and/or bond measure.

The information contained in this Report has been compiled and is being presented pursuant to and in accordance with the requirements outlined in the Accountability Act for Fiscal Year 2024/2025.

A. Community Facilities District Background

On October 11, 2022, the Board of Directors (“Board”) of the Lakeside Water District (“District”) adopted a resolution of intention to form Community Facilities District No. 2022-1 (Yerba Valley Annexation Area) (“CFD No. 2022-1”), to levy special taxes for the purpose of financing public improvements to meet the needs of the Yerba Valley Annexation Area or pay debt service on bonds issued to finance such facilities. After conducting a noticed public hearing, the Board adopted an ordinance establishing CFD No. 2022-1, providing for the levy of special taxes, approving the proposed rates and methods of apportionment of special taxes, and approving the issuance of bonded indebtedness to finance the authorized facilities (“Facilities”).

On July 11, 2023, the Board approved Resolution No. 23-09 declaring the results of an election held within CFD No. 2022-1 in which the eligible voters approved the levy of special taxes and the issuance of bonds in an amount not to exceed \$2,500,000.

B. Authorized Facilities

Special Taxes collected within CFD No. 2022-1 are authorized to provide for the following:

- (1) Annexation fees, engineering and legal costs;
- (2) Financing the construction of an 8” water line extended from Muth Valley Road eastward up Genesis Way 700’ to the Yerba Valley Road intersection;
- (3) Capacity and Meter Set Fees;
- (4) Service Line Construction to each parcel edge; and
- (5) Incidental expenses related to financing, forming and administering CFD No. 2022-1 as further described in the Resolution of Formation No. 2022-13.

SECTION II. COLLECTION OF SPECIAL TAXES

A. Project Fund

The following table shows the amount of Special Taxes collected and the expenditures made to fund the authorized facilities and incidental expenses of CFD No. 2022-1 from July 1, 2024 through June 30, 2025.

Project Fund

Description	Amount
Beginning Balance as of July 1, 2024 ¹	\$0.00
Sources of Funds	
Special Tax Collections	\$56,362.97
Interest Earnings	0.00
Subtotal Sources of Funds	\$56,362.97
Uses of Funds	
Project Costs	(\$3,457.50)
Administrative Expenses	(1,972.01)
Legal Expenses	(2,970.00)
Subtotal Uses of Funds	(8,399.51)
Ending Balance as of June 30, 2025	\$47,963.46

B. Status of Authorized Facilities Projects

The authorized facilities are currently in the planning stages, including preliminary engineering and design. Construction is anticipated to begin in the future, subject to permitting and funding availability.

¹ FY 2024/2025 was the first year CFD 2022-1 was levied.

Lakeside Water District
Disbursements List
June 2026

Num	Name	Account	Original Amount
17890	VOID	**voided check used for I-Cloud sample	0.00
17891	All Star Computers	7400 · Office Expense	187.50
17892	FedEx	5080 · Water Treatment & Testing	53.19
17893	FISHER, RONALD	4000 · Water Sales on Account	126.53
17894	GIOVANNINI, ANTHONY & AUBREEONA	4000 · Water Sales on Account	16.20
17895	GUIBOR, JEFFREY	4000 · Water Sales on Account	114.57
17896	KRAFT, ZACH	4000 · Water Sales on Account	119.97
17897	MACURDA, DOUG	4000 · Water Sales on Account	166.81
17898	MONTES, ARIEL	4000 · Water Sales on Account	66.95
17899	O'DELL, CHRIS	4000 · Water Sales on Account	82.82
17900	PALEA, MONIQUE	4000 · Water Sales on Account	169.62
17901	RASOOLI, HABIBULLAH	4000 · Water Sales on Account	139.97
17902	SDG&E-V	4000 · Water Sales on Account	701.02
17903	SEITRICH, DAVE	4000 · Water Sales on Account	118.82
17904	SHARP, KAYLA	4000 · Water Sales on Account	139.97
17905	SNASEL, VINCENT	4000 · Water Sales on Account	156.92
17906	VADER, RICKY	4000 · Water Sales on Account	200.00
17907	WILLMAN, MARTA	4000 · Water Sales on Account	50.15
17908	ACWA - Group Ins	7040 · Group Insurance	32,374.76
17909	America's Finest City Backflow Services	6400 · Outside Labor	315.00
17910	Andrea L. English	7450 · Public Info/Public Relat	1,400.00
17911	Border Tire	6200 · Trucks-Fuel,Maintenance,Repair	240.17
17912	County of San Diego - DPW	1581 · Yerba Valley Annex. Pipeline	861.35
17913	East County Californian	6410 · Engineering	189.00
17914	Excel Telemessaging	7400 · Office Expense	334.95
17915	Ferguson Waterworks	6100 · Distribution - Maint/Supplies	4,988.02
17916	HASA	5200 · Water Treatment -Maint/Supplie	1,618.88
17917	Jan-Pro	7400 · Office Expense	360.00
17918	Lakeside Equipment, Inc.	6110 · Emergency Repairs & Service	563.91
17919	Nossaman, LLP	1581 · Yerba Valley Annex. Pipeline	3,174.00
17920	Quadient - Postage	7400 · Office Expense	1,000.00
17921	Republic Services	6100 · Distribution - Maint/Supplies	903.12
17922	Target River	7400 · Office Expense	110.00
17923	Techniclean, Inc.	6400 · Outside Labor	250.00
17924	Underground Service Alert	7440 · Dues & Subscriptions	128.25
17925	UniFirst Corp	6100 · Distribution - Maint/Supplies	444.12
17926	Wave.Band	7400 · Office Expense	1,008.96
17927	Western Water Works	6100 · Distribution - Maint/Supplies	42.44
17928	Wintergardens Smog & Tune	6200 · Trucks-Fuel,Maintenance,Repair	3,823.55
17929	West Coast Raingutters, Inc.	1582 · Oper, Eng. & Security Bldg.	1,437.50
17930	Inductive Automation	5628 · Telemetry Repair	1,072.00
17931	Joseph M. Corless	2131 · Construction/Meter Deposits	726.00
17932	San Diego County Water Authority	5091 · SDCWA Cap & Treatment Fees	17,376.00
17933	AWWA	7440 · Dues & Subscriptions	539.00
17934	FedEx	1581 · Yerba Valley Annex. Pipeline	99.58
17935	Home Depot Credit Services	1582 · Oper, Eng. & Security Bldg.	127.77
17936	Cintas First Aid & Safety	6400 · Outside Labor	1,998.40
17937	Alpha Analytical Laboratories, Inc	5080 · Water Treatment & Testing	351.00

17938	America's Finest City Backflow Services	6400 · Outside Labor	352.00
17939	CSDA, San Diego Chapter	7440 · Dues & Subscriptions	150.00
17940	Enniss, Inc.	1001 · US Bank Checking	3,042.29
17941	Ferguson Waterworks	Split	74,465.24
17942	Hach Company	5200 · Water Treatment -Maint/Supplie	323.31
17943	HASA	5200 · Water Treatment -Maint/Supplie	1,194.89
17944	Helix Water District	5080 · Water Treatment & Testing	747.00
17945	Inland Pacific Resource Recovery, Inc.	6100 · Distribution - Maint/Supplies	140.00
17946	Knight Security & Fire Systems	7400 · Office Expense	44.00
17947	Lakeside Equipment, Inc.	1581 · Yerba Valley Annex. Pipeline	526.49
17948	Lakeside Petroleum, Inc.	6200 · Trucks-Fuel,Maintenance,Repair	3,050.72
17949	Napa Auto Parts Inc	6200 · Trucks-Fuel,Maintenance,Repair	48.98
17950	Nossaman, LLP	1581 · Yerba Valley Annex. Pipeline	3,174.00
17951	Omni Graphics	7400 · Office Expense	95.72
17952	Payton's Ace Hardware, Inc.	Split	625.12
17953	Quadient - Maint	7400 · Office Expense	1,434.22
17954	SiteOne Landscape Supply	Split	1,524.81
17955	Snell & Wilmer	7210 · Attorney Fees	2,082.50
17956	Sunstate Equipment Co	1581 · Yerba Valley Annex. Pipeline	259.48
17957	UniFirst Corp	6100 · Distribution - Maint/Supplies	646.07
17958	United Site Service, Inc.	6100 · Distribution - Maint/Supplies	118.90
17959	WestAir	1520 · O & M Equipment	173.67
17960	Wintergardens Smog & Tune	6200 · Trucks-Fuel,Maintenance,Repair	3,102.75
17961	**included in payroll	Payroll Check	0.00
17962	Variable Annuity Life Insurance	2100 · Payroll Liabilities	4,543.86
17963	Standard Insurance	7040 · Group Insurance	449.06
17964	Bee Removal Logics	6400 · Outside Labor	1,100.00
eft	First Bankcard - Visa	First Bankcard	1,962.88
eft	First Bankcard - Visa	First Bankcard	1,986.49
eft	First Bankcard - Visa	First Bankcard	4,603.90
eft	US Bank-Register	7400 · Office Expense	169.27
eft	San Diego County Water Authority	5000 · Water Purchases	738,564.16
eft	InvoiceCloud Fee	7400 · Office Expense	798.00
eft	US Bank-NSF	1200 · Accounts Receivable	105.22
eft	US Bank-NSF	1200 · Accounts Receivable	194.93
eft	US Bank-Fees	7400 · Office Expense	676.66
eft	SDGE	5100 · Electric Power	19,100.92
eft	SDGE	5100 · Electric Power	432.14
eft	SDGE	5100 · Electric Power	1,740.97
eft	SDGE	5100 · Electric Power	830.41
eft	SDGE	5100 · Electric Power	10.00
eft	SDGE	5100 · Electric Power	53.41
eft	Verizon	7400 · Office Expense	172.19
eft	Cal Pers	2100 · Payroll Liabilities	6,707.62
eft	Cal Pers	7050 · CalPers Retirement	12,406.27
eft	US Bank-NSF	1200 · Accounts Receivable	45.05
eft	Union Bank InstaTax State	2100 · Payroll Liabilities	5,262.72
eft	Union Bank InstaTax Federal	2100 · Payroll Liabilities	28,498.43
payroll	Payroll (May '26 P/R)	Split	73,297.22
payroll	Payroll (June '26 P/R)	Split	73,340.07
			1,154,842.75



**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
JUNE 25, 2026**

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the monthly Treasurer's Report
2. Resolution approving side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period July 1, 2023, through June 30, 2026.
The Board adopted Resolution No. 2026-07, approving the side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period from July 1, 2023, through June 30, 2026.
3. Adopt the Water Authority's Rates and Charges for Calendar Year 2027.
The Board conducted the Public Hearing; and approved staff's recommendation of a three percent effective rate increase for CY 2027; adopted Ordinance No. 2026-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services; adopted Ordinance No. 2026-02 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the Permanent Special Agricultural Water Rate Program, adopted Ordinance No. 2026-03 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act; adopted Resolution No. 2026-06 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge; found the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorized the General Manager to file a notice of exemption.
4. Adopt the Fiscal Years 2026 and 2027 Mid-Term Budget.
The Board adopted Resolution 2026-05 amending the biennial budget for Fiscal Years 2026 and 2027.
5. Purchase of Water Authority Business Insurance for Fiscal Year 2027.
The Board authorized the General Manager to purchase \$41 million in liability insurance for fiscal year 2027 from CalMutuals JPRIMA in the amount of \$741,821, property insurance for fiscal year 2026 from Swiss Reinsurance Company in the amount of \$271,099, and workers' compensation insurance from CalMutuals JPRIMA in the amount of \$492,393, for a total amount of \$1,505,313.
6. Amendment to the Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Municipal Water Districts.
The Board authorized the General Manager, or designee, to execute an amendment to the construction funding and operations agreement with Valley Center Municipal Water District and

Yuima Municipal Water District for infrastructure improvements providing emergency water supplies to Valley Center and Yuima Municipal Water Districts to increase the not-to-exceed amount by \$400,000, increasing the authorized cumulative contract amount from \$11,360,000 to \$11,760,000.

7. Construction contract with Filanc for the Ramona Pipeline Improvements – Phase 1 project.
The Board awarded a construction contract to Filanc in the amount of \$6,595,708 for the Ramona Pipeline Improvements – Phase 1 project.
8. Professional services contracts with Brown and Caldwell; The Engineering Partners, Inc.; and WHB Engineers for control systems and electrical engineering services, as-needed.
The Board awarded design professional service contracts, with such non-material modifications as approved by the General Manager or General Counsel, to Brown and Caldwell for \$1,750,000; The Engineering Partners, Inc. for \$1,750,000; and WHB Engineers for \$500,000, to provide control systems and electrical engineering services, as-needed, for a period of three years with the option to extend an additional two years, and authorized the General Manager, or designee, to execute the contracts.
9. Adoption of Resolution No. 2026-08 to approve the Water Authority’s 2025 Urban Water Management Plan and Water Shortage Contingency Plan.
The Board adopted Resolution No. 2026-08 approving the Water Authority’s 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP) and authorized submittal of the adopted documents to the California Department of Water Resources (DWR) by July 1, 2026, in compliance with the Urban Water Management Planning Act of the California Water Code.
10. Amendment to the cost-sharing agreement for Colorado River Board of California funding.
The Board authorized the General Manager to execute an amendment to the Six Agency Committee joint powers agreement, establishing a one-year interim funding agreement for the Colorado River Board of California (CRB) from July 1, 2026, to June 30, 2027.
11. Board of Director Retirement Resolution.
Director Amanda Flesse, Carlsbad Municipal Water District.
The Board adopted Resolution No. 2026-13, a Resolution of the Board of Directors of the San Diego County Water Authority honoring Amanda Flesse upon her retirement from the Board of Directors.
12. SB 707 Compliance: Approve Resolutions adopting Board Policies for Technical Disruptions, Disruptive Conduct by the Public, and establishing determination of Public Outreach efforts.
The Board approved Resolution No. 2026-09 adopting a policy addressing disruption of telephonic or internet service during public meetings; approved Resolution No. 2026-10 adopting a policy addressing disruptive conduct by members of the public; and approved Resolution No. 2026-11 determining reasonable efforts by staff to encourage public participation in meetings pursuant to Government Code § 54953.4.

13. Resolution to approve successor consolidated Memorandum of Understanding with the represented Teamsters 986 employees, approve amendments to the compensation plan for unrepresented employees, and approve corresponding Classification and Salary Schedules.
The Board adopted Resolution No. 2026-12, a resolution of the Board of Directors of the San Diego County Water Authority approving a successor consolidated memorandum of understanding with the Teamsters Local 986 union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory Bargaining Units effective July 1, 2026 through June 30, 2029; approving the unrepresented compensation plan adjustments for Executive, Senior Management and Confidential groups; and approving the classification and salary schedule for the period from July 1, 2026 through June 30, 2027; and approving the amended classification and salary schedule for the period from July 1, 2025 through June 30, 2026 for CalPERS compliance.
14. Approval of Minutes.
The Board approved the minutes of the Formal Board of Directors' meeting of May 28, 2026.

**General Managers
Monthly Report**

July 7, 2026

Board of Directors Meeting

- 1) Yerba Valley Annexation Pipeline Update**
- 2) Developer Projects Update**
- 3) Board Workshop for Long Range Planning**

Articles/Editorials Enclosed:

San Diego to see 3 percent water rate increase

California should get 85 percent water supply locally

Coalition: 85% of water should be from area

Groups want tunnel plan nixed, seek bond for regional projects plan for Southern California Delta tunnel nixed



Greater reliance on projects such as the Donald C. Tillman Water Reclamation Plant in Los Angeles is part of conservation groups' plans. Eric Thayer / Los Angeles Times

BY IAN JAMES

LOS ANGELES TIMES

A coalition of conservation groups wants Southern California to get 85% of its water locally, up from the 50% it gets now, by 2045, and says a new plan shows

how.

It's urging state leaders to scrap plans for a 45-mile tunnel beneath the Sacramento-San Joaquin River Delta and consider asking voters to approve a bond measure to fund local water solutions. The 34-page strategy was released as critical decisions loom for local officials, California's next governor and legislators.

Over the last century, Southern California has grown and thrived thanks to giant aqueducts it built to bring water from hundreds of miles away — the Eastern Sierra, the Colorado River and Northern California.

But with water costs rising and climate change jeopardizing these distant sources, there is growing interest in finding ways to get more water locally.

The allied groups are calling for recycling more wastewater, capturing more stormwater, improving efficiency and cleaning up contaminated groundwater.

"We have to prioritize our investments, and prioritizing them in local water makes the most sense," said Bruce Reznik, executive director of the group Los Angeles Waterkeeper.

The coalition includes fishing groups, environmental organizations and Northern California's Winnemem Wintu Tribe.

Its plan calls for a "new urban water renaissance" in California that prioritizes local water.

This approach would reliably yield more and cost far less than Gov. Gavin Newsom's proposed Delta Conveyance Project beneath the Delta.

The state estimated in 2024 the tunnel would cost \$20.1 billion, but opponents say it could cost three to five times more.

"Local water is reliable, it's more affordable, and it's more flexible, so that we're not committing California ratepayers to higher bills that they don't need," said Kyle Jones, a water expert and consultant who helped prepare the plan for the coalition.

Southern California imports about half of its water from other regions.

The coalition's plan says the region can secure up to 2 million acre-feet of local water per year.

It estimates the costs of more conservation and efficiency, more stormwater and groundwater cleaning, and more water recycling at \$44 billion over two decades. The Delta tunnel, in contrast, could cost \$60 billion to \$100 billion, it says.

Whether the tunnel project is ultimately built may hinge on whether large water agencies, including the Metropolitan Water District of Southern California, decide to participate and pay for it.

“Metropolitan Water District really does have a significant choice on it, that not just impacts their ratepayers but impacts every single person in the state,” said Barbara Barrigan-Parrilla, executive director of the group Restore the Delta. “Are we going to spend \$20 (million), \$60 (million), maybe upward to \$100 million on a tunnel? Or are we going to invest significant money in local solutions that provide water resiliency and sustainability for everyone in California? That is what is at stake right now.”

The Metropolitan Water District already is planning a large new facility in Carson to transform wastewater into purified drinking water. Los Angeles and San Diego are also building water recycling plants.

“At the same time, water imported from the northern Sierra and the Colorado River provides the foundation of water supply reliability for Southern California,” said Shivaji Deshmukh, the MWD’s general manager.

He noted that the MWD invests in water efficiency and capturing stormwater, and has helped reduce per-person water use by more than 40% since 1990.

The agency’s 38-member board last year adopted a climate adaptation strategy that sets goals for lining up additional water.

The advocates who wrote the policy plan said efforts such as these should accelerate and expand. They pointed out that the Colorado River’s reservoirs are falling to perilously low levels, and native fish in the Delta are in decline as the pumping of water takes an ecological toll.

“Climate change is exacerbating the challenges in those ecosystems, meaning that less and less water will be available to import,” said Ashley Overhouse, water policy adviser for the group Defenders of Wildlife. “All the while, the cost of water is continuing to rise.”

About 20 other environmental groups endorsed the coalition’s strategy.

“We have got to do a better job in the next 100 years than we did in the last 100 years, if we truly want to create a place of abundance once again,” said Frankie Myers, a member of the Yurok Tribe in Northern California. “This idea that we can steal ... and divert water however we want with no consequences has got to end.”

Benjamin Bass, a UCLA scientist who studies how climate change is affecting the Colorado River and other water sources, joined the group as they presented their proposal in an online briefing.

“Traditional sources for imported water are less reliable than they used to be,” Bass said. “The most reliable source of water in the future is local water.”

Other experts have reached similar conclusions.

Researchers at the Pacific Institute, a water think tank in Oakland, have examined improvements such as fixing leaks in pipes, switching out inefficient washing machines and toilets, and replacing thirsty lawns with plants suited to the state’s Mediterranean climate.

In a 2022 report, they found that a set of standard practices and technologies could reduce total urban water use by 30% or more.

Wholesale water rates to rise 3% in January, lowest hike in years

The hike approved Thursday is far less than hikes of 8.3% last January, 14% in January 2025 and 9.5% in January 2024.



Fishing boats and kayakers take advantage of the water last January at San Vicente Reservoir in Lakeside. The county's water agency has made water-sharing deals. Nelvin C. Cepeda /u-t file

BY DAVID GARRICK

UNION-TRIBUNE

Wholesale water rates in San Diego County — a key factor in how much local residents and businesses pay for water — will see the smallest hike in years next January, thanks to recent deals selling off excess local supply.

Rates will rise 3% in January, about half the 5.8% hike County Water Authority officials estimated before the water-sharing deals reached this spring with two agencies in Riverside County. The 3% increase, which the water authority board approved Thursday, is far less than previous hikes of 8.3% last January, 14% in January 2025 and 9.5% in January 2024.

Water authority officials said they are predicting 3% annual increases every year through 2032, giving local water agencies the kind of predictability and consistency they've craved for years with wholesale rates.

Another factor in the lower and more stable increases is last year's settlement of long-running litigation between the water authority and the Metropolitan Water District of Southern California.

Board chair Nick Serrano, who represents the city of San Diego, said the relatively small hike comes after years of cost cutting and efforts to generate new revenue. "While I will never celebrate an increase, I will acknowledge progress when I see it," Serrano said. "This is the lowest adjustment this authority has brought forward in recent memory."

Two board members expressed concern the 3% increase is too low, noting that it's less than recent rates of inflation and is only possible because the water authority shifted its approach to infrastructure maintenance a few years ago from low-risk to moderate-risk.

That shift means the authority tackles capital improvement projects such as repairs to pipelines, aqueducts and other infrastructure in a less proactive and more reactive way in order to save money.

"We switched to a moderate-risk CIP because the board wanted to pull a lever that allowed for rate relief," said Pierce Rossum, the authority's financial planning manager.

Gary Arant, who represents the Valley Center Municipal Water District, said the new approach leads to more emergency work, including two aqueduct repairs underway this summer.

"Three percent is wonderful, but are we doing the job?" Arant asked. "I look forward to the analysis of where we would be under the high-reliability approach."

Jim Madaffer, who represents the city of San Diego, focused his critique of the 3% hike more on inflation.

“I wonder how responsible this board is being in considering just a 3% rate increase,” said Madaffer, noting that energy costs continue to rise much faster than that. “In truth, we should probably be looking at a rate increase of around 5%.”

Some board members noted that not every local water agency will see only a 3% hike, explaining that agencies that buy treated water from the authority will see larger increases — possibly in the 4.5% range.

Local water agencies typically pass on to their customers any increases in what they pay for wholesale water, but just how much gets passed on can vary widely by local water agency.

“It’s misleading for our particular area and I imagine there are other agencies — it’s not 3% across the board for everybody,” said Princess Norman, who represents the Ramona Municipal Water District.

Teresa Acosta, who represents Carlsbad Municipal Water District, agreed and noted that her district will also see an increase larger than 3% because it also buys all treated water from the authority. But Acosta said 3% is still great news.

“While I know that some agencies are paying more — like mine — it’s still very exciting,” she said. “I remember where we were just a couple years ago and the double digits we were looking at.”

Dan Denham, the authority’s general manager, said the agency has struggled with expressing rate hikes in a way that works well for all the local water agencies it serves.

“We try to homogenize all of these different rates into one number,” said Denham, conceding every method has flaws. “It’s very hard to communicate each agency’s profile.”

Rossum said the 3% hike is a watershed moment for the authority.

“This 3% is not a promise of 3% today and 10% tomorrow — it’s 3% today with the forecasted expectation of continued 3% inflationary increases as we move forward,” he said.

And Rossum tried to assure the board that recent efforts to cut costs at the authority won’t wane just because the water deals have stabilized finances.

“Just because we have the water deals, doesn’t mean we got complacent,” he said. “We continue to keep the belly tight, we continue to be lean.”