GENERAL OBLIGATION BOND MEASURE REPORT

Board of Directors - United Water Conservation District

Prepared Pursuant to California Water Code Sections 74800-74804

United Water
CONSERVATION DISTRICT

June 2026

Executive Summary

United Water Conservation District (District) is considering pursuing a general obligation bond measure under California Water Code Sections 74800–74804, and related California law, to fund three critical capital projects, each driven by public safety mandates, court orders, or groundwater sustainability obligations that leave the District little choice but to act, and act urgently. Beyond these principal projects, the District is also seeking funding for other key capital projects.

The District's principal projects are:

- **Santa Felicia Dam Safety Improvement Project: $314 million.** Aging infrastructure and public safety requirements demand a comprehensive overhaul of the dam's outlet works and spillway. Failure to act risks catastrophic consequences for downstream communities.
- **Freeman Diversion Improvement Project: $104 million.** This project is essential to maintaining the District's ability to divert and store surface water, the lifeblood of the region's long-term water supply.
- **Extraction Barrier Brackish Water Treatment Project: $51 million (Phase 1).** Required under the District's Groundwater Sustainability Plan, this project protects the region's groundwater basin from seawater intrusion.

Together, these three principal projects carry a combined estimated cost of approximately $469 million.

The District has aggressively pursued grants, low-interest loans, legislative appropriations, and rate-based financing to pay for these necessary projects, but these funding sources fall short of what is needed within the timelines imposed by regulators, circumstances and the courts. The proposed bond measure, capped at $350 million, would bridge that gap while the District continues to pursue outside funding to minimize the burden on local property owners.

The cost of inaction far exceeds the cost of investment. Without a dedicated funding source for these projects, the District would face an impossible choice: delay critical work and risk regulatory enforcement, court sanctions, and permanent damage to the region's groundwater supply, or fund the entire program through rate increases that would place a significant and sustained financial burden on the farmers, water agencies, and communities that depend on the District. Considering a bond measure represents the most responsible and equitable path forward. A bond would spread the cost fairly across the District while protecting public safety, water supply reliability, and the long-term health of the region's groundwater basin.

Introduction

This General Obligation Bond Measure Report (the Report) has been prepared for the Board of Directors (Board) of United Water Conservation District pursuant to California Water Code Sections 74800 through 74804. Its purpose is to equip the Board with the information needed to make an informed decision about whether to place a general obligation bond measure before District voters at the **November 3, 2026 general election.**

The Report lays out the full picture: the District's most pressing capital projects, the regulatory mandates and court orders compelling their completion, and a realistic assessment of the costs involved. It examines the funding sources the District has pursued and explains why those sources cannot fully close the gap within the timeframes regulators and the courts require.

Ultimately, this Report identifies why voter authorization of a bond measure represents not just a reasonable option, but a necessary one, and provides the Board with the foundation to evaluate that issue with confidence.

History of the District and Its Principal Purposes

In 1925, the Santa Clara River Protection Association (Association), which founded today's United Water Conservation District, was formed to protect runoff from the Santa Clara River from being exported outside the watershed. This effort was successful, and in 1927 the Association was reorganized into the Santa Clara Water Conservation District by vote of Ventura County residents.


Water District Vote Set for Tomorrow

Water District Assessed Value Is $58,000,000

In 1950, the voters approved formation of the District under the State Water Conservation Act of 1931 as the United Water Conservation District to address projected population growth and the need for a reliable local water supply. The Santa Clara Water Conservation District was then dissolved and its assets were transferred to the District. That action enabled the District to issue bonds to help finance construction of the Santa Felicia Dam, Lake Piru, and other water conservation facilities. The District is currently divided into seven divisions to provide representation for all parts of the District and is governed by an elected seven-member Board of Directors who serve staggered four-year terms.

Headquartered in Oxnard, California, the District serves the cities of Oxnard, Port Hueneme, Ventura, Camarillo, Santa Paula, Fillmore and the community of Piru; providing treated drinking water to the City of Oxnard, Port Hueneme Water Agency, U.S. Naval Base Ventura County and several mutual water companies along with two Rio School District schools; irrigation water to farms and pumpers across Ventura County, and groundwater resources relied upon by our cities.

The District covers approximately 214,000 acres (335 square miles) in central Ventura County, California *(see Service Area Map in Appendix)*. It serves roughly 400,000 people or nearly 40% of Ventura County's population. It administers a basin-management program for the sub-basins that make up the Santa Clara River Valley Basin and uses the Santa Clara River and its tributaries to support groundwater replenishment.

The District's facilities include the Santa Felicia Dam, Lake Piru and Lake Piru Recreation Area and Treatment Plant, Saticoy Groundwater Recharge Facility and Freeman Diversion, El Rio Groundwater Recharge and Water Treatment Facility, and the Pleasant Valley, Oxnard-Hueneme, and Pumping Trough Pipeline delivery systems, including wells, treatment facilities, reservoirs, and booster pumping stations.

The District's mission statement is to**, in concert with its community partners, manage, protect, conserve, and enhance the water resources of the District, producing a reliable and sustainable water supply for all users in an environmentally and fiscally responsible manner**. That mission guides the District's strategic planning, capital planning, and financial decision-making.

Testing Spillway Model: Director Clyde Spencer left, GM Julian Hinds far right (September 22, 1954)

Principal Projects

The District has identified three large-scale capital projects that must be completed due to regulatory mandates, court orders, groundwater sustainability obligations, or a combination of those factors. Each of these projects is summarized below together with the basis for the District's obligation to complete it.

Santa Felicia Dam Safety Improvement Project

Santa Felicia Dam has served the Santa Clara River Valley for seven decades, supporting water supply, groundwater recharge, hydropower generation, and public safety for generations of Ventura County residents. The dam rises 213 feet above the streambed, stretches 1,275 feet in length, and impounds Lake Piru with a storage capacity of approximately 80,524 acre-feet, roughly 26.2 billion gallons. It is, in every sense, a cornerstone of regional water infrastructure.

Santa Felicia Dam and Lake Piru Reservoir

But meeting modern regulatory standards requires action. The Santa Felicia Dam Safety Improvement Project addresses two distinct and urgent challenges, one seismic and one hydrologic, along with an update to the dam's hydropower facility.

Outlet Works Rehabilitation

A seismic evaluation, completed in 2012, determined that the dam's existing intake tower and related outlet works are highly vulnerable to major seismic loading and likely would not withstand a maximum credible earthquake of 7.2 magnitude. A significant seismic event could compromise the District's ability to safely control water releases from Lake Piru, a potentially catastrophic outcome for the nearly 237,000 residents living downstream. To eliminate this risk, the District is required to replace the existing system, which runs through the dam embankment itself, with a new outlet works routed through bedrock on the dam's east abutment. That design change removes the risk that seismic deformation could compromise structural integrity or operational functionality. The new system will include a multi-elevation intake, high-flow and low-flow conveyance conduits, and a downstream control facility. The upgraded multi-level intake also addresses long-term sediment accumulation, preserves operational flexibility, and positions the District to evaluate sediment removal options that could potentially recover some lost reservoir storage capacity.

Spillway Improvement

The existing spillway has the capacity to pass a maximum flood of 146,000 cubic feet per second (cfs). The California Division of Safety of Dams (DSOD) and the Federal Energy Regulatory Commission (FERC), which regulates Santa Felicia Dam as a licensed hydropower facility, require the dam to be capable of passing a flood inflow of 220,000 cfs. To meet that standard, the spillway chute will be lowered by up to15.5 feet, reinforced with a new chute slab, side walls, and rock anchors, and protected at its downstream end with a concrete cutoff wall to prevent erosion caused by high flows. The existing spillway crest and walls will be preserved where feasible, and the embankment dam crest will be raised 6.5 feet using a mechanically stabilized earth wall, ensuring that extreme storm flows are directed through the spillway rather than over the dam.

Hydropower Facility

The project also updates the dam's existing 1.4-megawatt hydropower facility, ensuring continued renewable energy generation as part of normal reservoir operations and maintaining compliance with FERC licensing requirements.

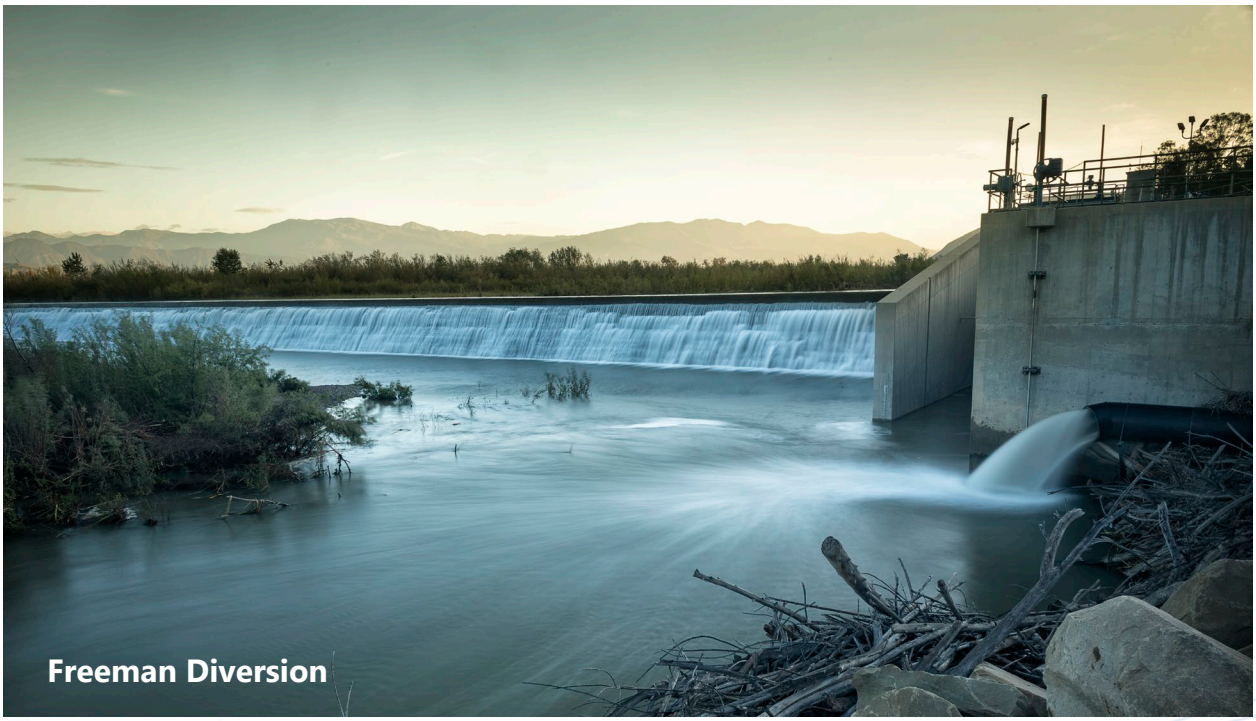
A Project Driven by Mandate, and by What's at Stake

These improvements are not discretionary. FERC and DSOD have the authority to deny a new license or impose conditions that make continued operation infeasible, effectively leading to decommissioning, an outcome that would eliminate water supply infrastructure built over decades, curtail groundwater recharge the region depends on, remove critical wildfire suppression resources, and close Lake Piru to the Southern California families who rely on it for recreation. The cost of decommissioning alone could rival or exceed the cost of the improvements themselves.

With an estimated need of **$314 million**, this is the District's single largest capital obligation, and one that cannot be deferred.

Freeman Diversion Improvement Project

The Freeman Diversion on the Santa Clara River is one of the District's most important operational assets and is located near Saticoy in the Santa Paula Basin of unincorporated Ventura County. The facility captures stormwater flows from the Santa Clara River for direct delivery and groundwater recharge, supporting water supply reliability across the region. When fully improved, the project is anticipated to increase groundwater recharge and in-lieu surface water deliveries by 5,000 to 8,000 acre-feet per year, a meaningful and lasting gain for a region working to address overdrafted groundwater basins and combat seawater intrusion.



Freeman Diversion

The Legal and Regulatory Driver

On June 2, 2016, the Wishtoyo Foundation, its Ventura Coastkeeper Program, and the Center for Biological Diversity filed a lawsuit against the District in the United States District Court for the Central District of California, seeking declaratory and injunctive relief relating to operation of the Freeman Diversion. Following trial in December 2017 and January 2018, the District Court entered a Judgment and Permanent Injunction on October 4, 2018 in favor of the plaintiffs. That judgment, combined with Endangered Species Act compliance obligations and mitigation requirements under the District's Habitat Conservation Plan, requires the District to construct an improved fish passage facility, reconfigure the existing fish screens, and complete other associated facility updates. The fish screen and desilting basin work is also essential for the reliable long-term operation of the facility.

The Project

Construction on the broader Freeman Diversion improvement effort is already underway. Conveyance upgrades began in 2021 with replacement of the headworks of the Grand Canal, and a new canal bridge was completed in 2024, removing a flow restriction caused by an existing inverted siphon structure. Design is also complete for two additional components to improve the downstream conveyance system, with permitting efforts nearing completion. Other conveyance improvements are included in the broader effort, which are required to realize the full benefit to recharge and surface water deliveries.

The fish passage component centers on upgrading the diversion's existing Denil fish ladder, a channel-based structure that gives fish a manageable current to swim upstream and opportunity to pass downstream. Rather than replace it, the District is enhancing it with redesigned entry and exit gates, resized ladder plates, modernized fish screens, an upgraded water delivery system for increased attraction flow, and an expanded fish relocation facility. 30% design of the improved fish passage and diversion facility was completed in February 2026, with 60% design now underway and on track for completion in August 2026. In river construction is planned to take place entirely during the dry season to avoid any disruption to fish passage during critical migration periods.

The improvements deliver meaningful gains on multiple fronts. Fish will have better passage conditions across a wider range of river conditions, including higher flows. The system will be more resilient through storms and high-flow events. The fish relocation facility will have five times greater capacity, handling flows up to 6 cfs. Screens will be raised above the floor of the screen bay to remain operational even when sediment enters the system. The project also increases the maximum water diversion rate from 375 cfs to 520 cfs, capturing more water during high-flow events while ensuring ample bypass flows remain available for fish. The design meets all standard federal fish passage criteria.

The Broader Value

The project's benefits extend well beyond fish passage compliance. Diverting natural stormflows requires minimal energy, resulting in very low greenhouse gas emissions and costs per acre-foot of yield. Surface water recharge has been demonstrated to improve groundwater quality, reduce nitrate levels for small mutual water companies and disadvantaged communities in El Rio and Saticoy, and help combat seawater intrusion. Customers who utilize diverted surface water in lieu of pumping from their wells also realize significant energy savings, lowering their overall operational costs.

Status and Cost

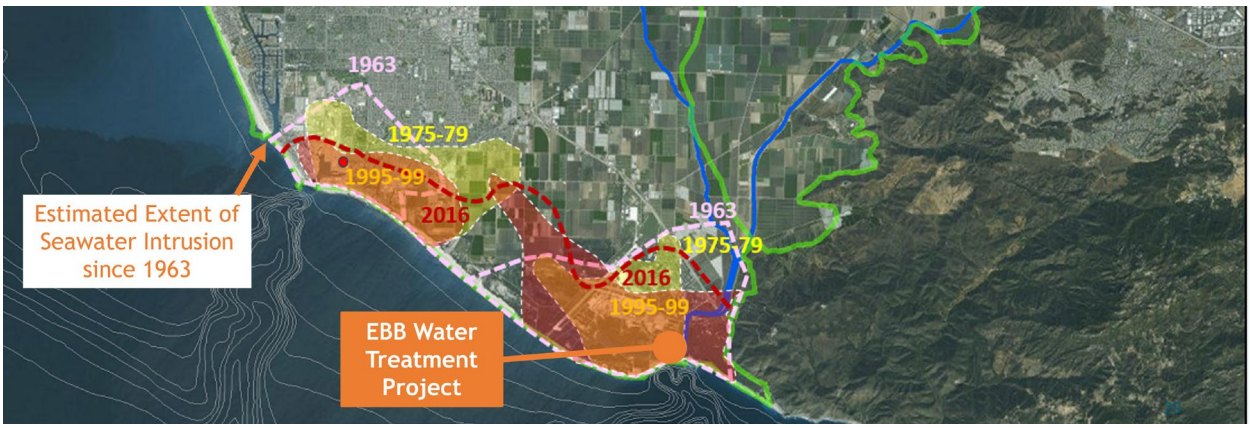
This project carries a total estimated cost of **$104 million**, of which **$23 million is already secured through grant funding**. The District continues to pursue additional outside funding to reduce the burden on local property owners, but a significant gap remains.

Extraction Barrier Brackish Water Treatment Project (EBB Water)

Seawater intrusion has affected the coastal Ventura County for nearly a century. When groundwater levels drop, ocean water migrates inland, degrading water quality and rendering affected groundwater supplies unusable for farming or drinking. The Oxnard Plain is currently in a state of overdraft. Seawater intrusion, while invisible underground, shows up in ways that farmers, water managers, and communities feel every day: wells have been abandoned as salinity rises, pumpers have been forced to shift from upper to lower aquifers at greater capital and energy costs, while increasing salinity in remaining wells threatens both water quality and long-term yield. These conditions if continued

will directly limit the types of crops growers can produce and negatively impact viability and profitability of the agriculture industry in the region.

A History of Seawater Intrusion



Project Overview

EBB Water will be built in two phases at Naval Base Ventura County Point Mugu, a location where geologic conditions allow seawater intrusion to be intercepted before it moves further inland. A series of strategically placed extraction wells will form a hydraulic barrier, creating a protective buffer between the ocean and the inland aquifers. The system will capture degraded groundwater, prevent further saltwater migration, treat the extracted brackish water through desalination, and provide a high-quality water supply for direct use and groundwater recharge. Phase 1 of project includes a wellfield capable of extracting approximately 3,500 acre-feet per year of brackish groundwater, a discharge facility, and a pipeline connecting the wells to the discharge facility. Groundwater flow modeling indicates that pumping at that rate can prevent the advancement and potentially reverse the effects of seawater intrusion localized groundwater aquifers and improve groundwater conditions inland.

Regional Project Support

EBB Water is identified in the Groundwater Sustainability Plan prepared by the Fox Canyon Groundwater Management Agency as a key project for increasing the sustainable yield of the Oxnard Subbasin and Pleasant Valley Basin. That designation reflects both the urgency of the problem and the role this project plays in meeting the region's long-term groundwater sustainability obligations under state law. The District and its partners have made meaningful progress through recharge, conservation, and

basin management, but seawater intrusion continues in key coastal areas where groundwater levels remain depressed. EBB Water is the next necessary step.

Why This Approach

In turning a nearly century-old water quality liability into a regional water supply asset, EBB delivers on multiple fronts simultaneously. Phase 1 controls seawater intrusion, restores offshore groundwater gradients, removes saline and brackish groundwater from the Oxnard Plain, and increases sustainable yield in the Oxnard and Pleasant Valley basins. Phase 2 expands those gains by providing treated water as a high-quality supply available to municipal, industrial, and agricultural customers, small mutual water companies, and disadvantaged communities. Because the supply is derived from local impaired groundwater rather than imported sources, it is unaffected by drought and State Water Project issues, adding a meaningful layer of resilience to the region's water portfolio. The project also enables Naval Base Ventura County to meet its own water security goals, making it a genuine regional partnership. This additional supply also prevents incompatible land development under military flight paths.

Status and Cost

Significant planning and technical work is already complete, including regional geologic analysis and groundwater flow modeling, evaluation of well locations and treatment scenarios, installation of 21 monitoring wells at five locations, and preliminary design, permitting, and environmental documentation under a Memorandum of Agreement and two license agreements with the U.S. Navy. State grants have been secured to fund Phase 1. Construction is anticipated to begin as early as 2027.

The current construction cost estimate for Phase 1 of this project is $51 million.

Priority Projects at a Glance

The District's three priority capital projects are each driven by regulatory mandates, court orders, or groundwater sustainability obligations that make completion essential and delay costly. Without these projects, the District could lose critical infrastructure supporting our groundwater recharge functions and compromise water reliability for Ventura County. The loss of the projects could also endanger lives and livelihoods should there be a dam failure or an empty reservoir during a wildfire. Together, they represent the District's most urgent infrastructure needs and form the foundation of the proposed bond measure.

Priority Project	Current Cost Estimate
Santa Felicia Dam Safety Improvement Project	$314 million
Freeman Diversion Improvement Project	$104 million
Extraction Barrier Brackish Water Treatment Project (EBB Water)	$51 million
Combined Total	$469 million

These figures reflect current cost estimates and are subject to refinement as design, permitting, and procurement processes advance.

It is worth noting that these three projects, urgent and significant as they are, represent only a portion of the District's broader infrastructure needs. The proposed bond measure is sized to address the most critical and time-sensitive portion of that need, while the District continues to pursue outside funding and plan for the broader program.

Santa Felicia Dam Spillway

Funding of Capital Projects

The District has pursued, and will continue to pursue, all viable funding sources for its capital improvement program. These sources include federal and State grant funding, low-interest loan programs, legislative appropriations, revenue-backed financing tools, and rate adjustments where legally and financially appropriate. The District's funding strategy is designed to minimize the financial burden on customers, groundwater pumpers and property owners while ensuring that mandatory infrastructure work is completed within the timelines required by regulators.

Grant Funding: The District has actively pursued grant funding through the California Department of Water Resources, State Water Resources Control Board, the U.S. Bureau of Reclamation, the Federal Emergency Management Agency Building Resilient Infrastructure and Communities (BRIC) program, and other state and federal funding sources. Grant funding is competitive and subject to annual appropriations. To date, the District has been awarded approximately $31.5 million in grant funding commitments to support these costs. While the District will continue to seek additional grant allocations, grant funding alone is insufficient to address the scale and urgency of the District's capital needs.

Low-Interest Loans: The District has strategically pursued low-interest financing through the State Water Infrastructure Finance Authority (SWIFA), the Water Infrastructure Finance and Innovation Act (WIFIA) program administered by the U.S. Environmental Protection Agency, and the State Revolving Fund (SRF). These programs have been instrumental in moving the District's priority projects from concept to reality. The approximately $13 million in low-interest loan commitments secured to date has funded the engineering, environmental review, permitting, and design work that has brought all three projects to their current state of readiness. Because of that investment, these are not speculative proposals. They are projects with designs in place, regulatory groundwork laid, and a clear path to construction.

The District is now actively seeking at least $83 million in additional WIFIA financing to cover a portion of construction costs, and that figure represents the current ceiling of what the program has legally authorized given the District's existing debt obligations and repayment capacity. The District will continue pursuing every available loan opportunity, but has reached the practical limit of what low-interest federal financing alone can contribute to a capital program of this scale.

Legislative Appropriations: The District has engaged with State and federal legislative representatives to seek direct appropriations in support of the Santa Felicia Dam and Freeman Diversion projects. Those efforts have not yet produced appropriations funding. The District will continue to advocate for legislative support; however, appropriations are discretionary and cannot be treated as a primary funding source.

Rate Adjustments: As a water conservation district that does not deliver water directly to retail end customers, the District's fee and charge authority is constrained by Proposition 26 and by the practical limits of what its customer base can absorb. Although modest rate adjustments may be appropriate for operations and maintenance, rate increases of the magnitude required to fund approximately $469 million in priority capital work and an overall capital program of approximately $1.0 billion would impose an unacceptable financial burden and would not generate sufficient revenue within the timeframes mandated by DSOD, the Federal Energy Regulatory Commission (FERC), and the United States District Court.

Funding Summary for Priority Projects	Amount
Combined cost of three priority projects	$469 million
Grant commitments identified to date	($31.5 million)
Low-interest loan availability	($83 million)
Appropriations identified to date	$0
Remaining identified funding gap	$354.5 million
Proposed maximum bond authorization	$350 million

The proposed $350 million bond amount does not equal the full current cost of the three priority projects. Instead, it would fund a substantial portion of the identified funding gap while allowing the District to continue layering in additional grants, loans, future appropriations, rate-supported funding where feasible, project phasing, and other lawful financing sources to reduce the bond repayment amount ultimately paid through property taxes.

Remaining Funding Gap: After accounting for currently identified grants, loan commitments, and any future external funding that may still be pursued, the District continues to face a significant funding gap that cannot be addressed through existing revenue sources alone within the timeframes required by regulators. A general obligation bond measure therefore represents the most equitable, cost-effective, and legally appropriate means of providing a stable repayment source for a large portion of the District's mandatory capital program.

Need for a Bond Measure

The District's three priority capital projects are not discretionary. Each is driven by a regulatory mandate, a federal court order, a groundwater sustainability obligation, or some combination of those factors. Taken together, they represent an estimated $469 million in required investment that the District cannot defer, delay, or avoid without serious consequence to public safety, water supply reliability, environmental compliance, and groundwater quality.

Santa Felicia Dam Safety Improvement Project

The Santa Felicia Dam project carries the most immediate public safety implications. DSOD and FERC have classified Santa Felicia Dam as an extremely high-hazard and a high hazard facility, respectively, a designation that reflects the scale of the population living within the dam's inundation zone. The District is required to replace the seismically deficient intake tower and outlet works and improve the spillway to meet current dam safety standards. These are not voluntary improvements. They are the result of regulatory determinations made by the agencies responsible for dam safety oversight in California and at the federal level.

Failure to comply is not a theoretical risk. FERC and DSOD have the authority to impose operational restrictions on Santa Felicia Dam, which would ultimately result in its decommissioning if regulatory requirements go unmet. Either outcome would be devastating. Operational restrictions would directly impair the District's ability to manage and conserve water within the Santa Clara River watershed. Decommissioning would eliminate decades of water supply infrastructure, curtail groundwater recharge the region depends on, end habitat releases to lower Piru Creek, and close Lake Piru permanently. The cost of decommissioning alone could rival or exceed the cost of the improvements needed to prevent it, as California has already seen with projects like the $532 million Potter Valley decommissioning effort.

The consequences of an unmitigated dam failure, while highly unlikely, are equally sobering. Floodwaters could rapidly inundate downstream communities across large portions of Ventura County and Naval Base Ventura County, threatening nearly 237,000 residents, more than $19 billion in economic losses, and over 68,000 structures.

Freeman Diversion Improvement Project

The Freeman Diversion project is required by a Judgment and Permanent Injunction entered by the United States District Court for the Central District of California on October 4, 2018. That judgment is not a recommendation or a regulatory suggestion. It is a binding federal court order, and the District's obligations under it are reinforced by Endangered Species Act compliance requirements and mitigation obligations under the District's Habitat Conservation Plan.

Delay or non-compliance is not a practical option. Failure to meet the court's requirements would expose the District to continued litigation risk, potential contempt proceedings, and additional legal consequences that could prove more costly and disruptive than completing the project on schedule. Beyond compliance, the improvements are essential to the safe and reliable long-term operation of the diversion facility itself, and to the District's ability to continue capturing and storing surface water for the communities it serves.

Extraction Barrier and Brackish Water Treatment Project

The EBB Water project addresses a groundwater sustainability obligation that is decades in the making. Seawater intrusion has affected coastal Ventura County for nearly a century, and the Oxnard Plain is currently in a state of overdraft. The Fox Canyon Groundwater Management Agency has identified EBB Water as a key project in its Groundwater Sustainability Plan for the Oxnard Subbasin and Pleasant Valley Basin, meaning completion of this project is tied directly to the region's obligations under the Sustainable Groundwater Management Act.

Without this project, the region faces compounding risk to a critical groundwater basin that supports agricultural, municipal, and regional water supply needs across the Oxnard Plain and Ventura County coast. Seawater intrusion is extraordinarily difficult and expensive to reverse. The longer action is delayed, the greater the permanent damage to groundwater quality and the more costly the eventual remediation.

Why a Bond Measure

The District has pursued every available funding avenue, including grants, low-interest loans, legislative appropriations, and rate-based financing. Those sources have produced meaningful results: $23 million in secured grant funding for the Freeman Diversion project, $8.5 million in State grants for Phase 1 of the EBB Water project, and a

low-interest WIFIA loan for the Santa Felicia Dam project engineering and design. But even in combination, these sources are insufficient to fund all three projects within the timelines imposed by regulators and the court.

The gap is real, it is significant, and it requires a solution commensurate with the scale of the need. A general obligation bond measure would provide that solution, allowing the District to fund a substantial portion of the required work while continuing to pursue outside funding to reduce the ultimate burden on property owners.

For these reasons, the Board will consider placing a bond measure before District voters at the 2026 general election, authorizing bonds in an amount not to exceed **$350 million**. This measure would not fund the entirety of the District's capital needs. It would fund the most critical portion of them, on a timeline that regulators, the courts, and the region's groundwater sustainability obligations require.

The cost of inaction, whether measured in public safety risk, legal exposure, or permanent damage to the region's groundwater supply with resulting cost increases, far exceeds the cost of acting now.

Freeman Diversion Aerial View

Transparency and Accountability

If the Board elects to place a general obligation bond measure before the voters, the District is committed to ensuring that every dollar generated is spent as promised and that the community remains informed throughout the bond program. Trust is earned through action, and the District intends to demonstrate that trust at every stage of bond issuance, bond fund expenditures, project delivery, and ongoing public communication.

What the Measure Will Say

The ballot measure and all implementing documents will clearly describe the projects to be financed, the maximum bond authorization of **$350 million**, the estimated tax rate impact on property owners, and the full set of accountability mechanisms applicable to bond proceeds. Voters will know exactly what they are being asked to fund and why.

How Bond Proceeds Will Be Used

Bond proceeds will be used exclusively for the capital projects described in this report and related authorized capital project costs, as set out in the bond measure. **By law, bond proceeds cannot be used for operations, salaries, or administrative expenses.** The District's Board of Directors will retain full oversight of bond issuance and expenditure, and all spending will be subject to annual independent audits and reporting.

Keeping the Community Informed

Accountability does not end with financial oversight. The District is committed to keeping property owners, ratepayers, and the broader community informed about the progress of these critical capital projects from groundbreaking through completion. That commitment will be fulfilled through a sustained, multi-channel outreach effort that will include:

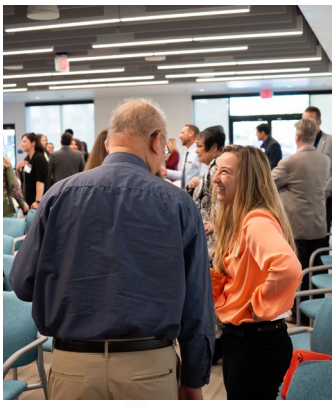
- **Annual progress reporting** on the District's website, providing project-by-project updates on construction milestones, budget performance, and schedule status.
- **Regular social media updates** keeping the community informed in real time as major milestones are reached.
- **E-newsletter communications** delivered directly to subscribers, summarizing project progress, upcoming construction activities, and funding developments.

- **United Water's Annual Water Sustainability Symposium**, which will serve as a dedicated forum for presenting progress on all three capital projects to stakeholders, elected officials, partner agencies, and the public, and for receiving community input on the District's long-term water resource planning.

These efforts reflect the District's belief that an informed community is an engaged one, and that the residents and property owners who are being asked to invest in this infrastructure deserve to see the results of that investment on an ongoing basis.

The Bottom Line

A bond measure of this scale has a significant public trust obligation. The District takes that obligation seriously. The accountability framework described here, combining legal restrictions on bond proceeds, Board oversight, mandatory audits, and sustained public outreach, is designed to ensure that trust is warranted, and maintained, for the life of these projects.



6th Annual Water Sustainability Summit (October 16, 2025)

Financing Plan and Costs

The District currently plans to issue the general obligation bonds in three separate series, structured to achieve a level annual tax rate over the life of the debt, while funding the construction projects on the required schedule. This approach provides predictability for property owners and ensures that repayment obligations are spread equitably across the anticipated 30-year bond period.

	Series 2027	Series 2028	Series 2029	Tax Rate Structure
Financing Amount	$150,000,000	$150,000,000	$50,000,000	Level

How the Tax Works

Debt repayment will be secured by a new *ad valorem* property tax, meaning the tax is based on the assessed value of real property within the District. Each year, a tax rate per $100,000 of assessed value will be levied to meet that year's bond debt service requirement and collected on the county property tax roll.

Based on current and projected assessed valuations within the District, the annual tax rate necessary to service the proposed bonds is estimated at approximately **$24 per $100,000 of assessed value or $240 per $1M**. This estimate is subject to change based on final financing terms, assessed valuation trends, bond structuring, and the timing of bond issuance. If approved, the tax rate is expected to be levied annually over a 30-year period, beginning in fiscal year 2028 through fiscal year 2057.

Assessed Values	Est. Annual Tax Rate	Est. Annual Tax
$100,000	$24.00	$24
$200,000	$24.00	$48
$300,000	$24.00	$72
$400,000	$24.00	$96
$439,604*	$24.00	$106
$500,000	$24.00	$120
$503,914**	$24.00	$121
$600,000	$24.00	$144
$700,000	$24.00	$168
$800,000	$24.00	$192
$900,000	$24.00	$216
$1,000,000	$24.00	$240
$1,100,000	$24.00	$264
$1,200,000	$24.00	$288
$1,300,000	$24.00	$312
$1,400,000	$24.00	$336
$1,500,000	$24.00	$360

*Median and **Average Single Family Residence as of Fiscal Year 2025-26.

Tax Rate and Amounts are preliminary and subject to change.

What This Means for Property Owners

To illustrate the cost to homeowners, based on the projected annual tax rate of $24 per $100,000 of assessed value, the annual tax levy for the median single-family home is estimated at approximately $106, and approximately $121 for the average single-family home. For higher assessed values, the projected annual tax would be approximately $240 for a $1 million home or farm and $360 for a $1.5 million home or farm.

A Note for Renters

General obligation bonds are repaid through property taxes levied directly on property owners of record. Renters do not own property and therefore will not be subject to any direct new tax as a result of this bond measure. While landlords may make their own decisions about how to structure lease agreements, the bond tax itself is a legal obligation of the property owner, not the tenant. Renters will, however, benefit directly from the water supply reliability, groundwater quality improvements, and public safety protections these projects deliver.

Fiscal Discipline and Outside Funding

The District is committed to minimizing the burden on property owners wherever possible. The bond measure is structured to fund only what cannot be covered through other sources, and the District will continue aggressively pursuing grants, low-interest loans, and legislative appropriations throughout the life of these projects. Any additional outside funding secured may reduce the amount of bonds that need to be issued, with a direct benefit to property owners in the form of reduced tax levies.

Conclusion

United Water Conservation District has served the residents, agricultural users, and communities of central Ventura County for a century, fulfilling a mission that has never wavered: to manage, protect, conserve, and enhance the region's water resources in an environmentally and fiscally responsible manner. The infrastructure investments described in this report are the next chapter in that century of stewardship.

These are not projects the District has chosen to pursue. They are projects the District is legally and regulatorily obligated to complete. The Santa Felicia Dam Safety Improvement Project, the Freeman Diversion Improvement Project, and the Extraction Barrier and Brackish Water Treatment Project together represent approximately **$469 million** in mandated infrastructure investment, driven by directives from DSOD, FERC, the United States District Court, and the region's groundwater sustainability planning framework. The consequences of inaction are not abstract. They include public safety risk to nearly 237,000 downstream residents, binding federal court obligations, permanent damage to coastal groundwater basins, and the potential loss of water supply infrastructure that took generations to build.

The District has done everything within its means to minimize the burden on the community it serves. Grants have been pursued and secured. Low-interest federal financing has been obtained. Legislative appropriations have been sought. And that work will continue. But the funding gap that remains is real, significant, and cannot be closed through outside sources alone within the timelines that regulators and the court require.

A general obligation bond measure placed before District voters in November 2026 represents the most transparent, legally sound, and fiscally responsible path forward. It would provide a substantial portion of the funding these projects require, structured with meaningful accountability protections, and a commitment to ongoing public communication that ensures voters can track every dollar from authorization through completion. Property owners would bear a modest, predictable annual cost. The alternative, enforcement action, operational restrictions, decommissioning, or continued legal exposure, would cost far more, in every sense of the word.

Recommended Next Step

This report has been prepared pursuant to California Water Code Sections 74800 through 74804 to provide the Board of Directors with the information necessary to

evaluate whether to place a general obligation bond measure before District voters. If the Board wishes to proceed, the recommended next step would be to adopt a resolution taking the actions necessary to submit the bond measure to the voters of United Water Conservation District at the **general election on November 3, 2026.**

Appendix

Service Area Map