

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
VISTA IRRIGATION DISTRICT

April 4, 2018

A Regular Meeting of the Board of Directors of Vista Irrigation District was held on Wednesday, April 4, 2018 at the offices of the District, 1391 Engineer Street, Vista, California.

1. CALL TO ORDER

President Dorey called the meeting to order at 8:30 a.m.

2. ROLL CALL

Directors present: Miller, Vásquez, Dorey, Sanchez, and MacKenzie.

Directors absent: None.

Staff present: Eldon Boone, General Manager; Lisa Soto, Secretary of the Board; Brett Hodgkiss, Assistant General Manager; Don Smith, Director of Water Resources; Brian Smith, District Engineer; Randy Whitmann, Director of Engineering; Frank Wolinski, Operations and Field Services Manager; Alisa Nichols, Management Analyst; Al Ducusin, Engineering Services Manager; Marlene Kelleher, Finance Manager; and Marian Schmidt, Administrative Assistant. General Counsel Joel Kuperberg was also present.

Other attendees: Greg Pieratt and Isaac Little of Lee & Associates were present for the Closed Session, Agenda Item 20.

3. PLEDGE OF ALLEGIANCE

Director Vásquez led the pledge of allegiance.

4. APPROVAL OF AGENDA

18-04-31	<i>Upon motion by Director MacKenzie, seconded by Director Miller and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the agenda as presented.</i>
----------	--

5. PUBLIC COMMENT TIME

No public comments were presented on items not appearing on the agenda.

6. CONSENT CALENDAR

18-04-32	<i>Upon motion by Director Miller, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the Consent Calendar, including Resolution No. 18-10 approving disbursements.</i>
----------	---

A. Acceptance of Water System

See staff report attached hereto. Staff recommended and the Board accepted water system for a 159-lot single-family residential subdivision, known as Adobe Estates, consisting of approximately 53.95 gross acres owned by Pulte Home Corporation, located at the southwest corner of North Santa Fe Ave and Taylor Street, Vista (PC 14-215; I-3060; LN 2003-041; APN's 159-091-01 thru -50, 159-092-01 thru -53, 159-093-01 thru -74; DIV NO 1).

B. Joint Use Agreement

See staff report attached hereto. Staff recommended and the Board accepted Joint Use Agreement via Parcel Map TPM 21032 over County of San Diego right-of-way along Buena Creek Road, Vista (LN 2015-031; APN 184-060-98; DIV NO 5).

C. Paving Services

See staff report attached hereto. Staff recommended and the Board authorized the General Manager to execute an agreement with Joe's Paving, Inc. for paving on San Luis Rey Avenue in the amount of \$104,222.80.

D. Minutes of the Public Affairs Committee meeting on March 20, 2018

The minutes of the Public Affairs Committee meeting on March 20, 2018 were noted and filed.

E. Minutes of Board of Directors meeting on March 21, 2018

The minutes of March 21, 2018 were approved as presented.

F. Resolution ratifying check disbursements

RESOLUTION NO. 18-10

BE IT RESOLVED, that the Board of Directors of Vista Irrigation District does hereby approve checks numbered 58449 through 58549 drawn on Union Bank totaling \$470,917.51.

FURTHER RESOLVED that the Board of Directors does hereby authorize the execution of the checks by the appropriate officers of the District.

PASSED AND ADOPTED unanimously by a roll call vote of the Board of Directors of Vista Irrigation District this 4th day of April 2018.

7. DIVISION REPORTS

See staff report attached hereto.

General Manager Eldon Boone updated the Board on the District's efforts to replace the Nipponite pipe in its system. He noted that the 6" and 8" Nipponite pipe has been more prone to failure than the 10" and 12" diameters. He said that staff has performed a risk assessment on the Nipponite pipe in the District's system and has classified each size into low, medium, or high risk categories. Mr. Boone said that more information regarding this topic will be provided as part of an upcoming agenda item addressing outsourcing Nipponite pipe replacement.

Director of Water Resources Don Smith updated the Board regarding the recent annual dam survey at Lake Henshaw, noting that there was no significant movement in the dam since the last survey.

8. HP RESERVOIR REHABILITATION PROJECT

See staff report attached hereto.

Director of Engineering Randy Whitmann provided an overview of the HP Reservoir Rehabilitation Project. He stated that this was a design-build project; Richard Brady and Associates was the design consultant as well as the general contractor for the project. Mr. Whitmann informed the Board that one additional payment had been made after the publishing of the staff report and that the project was \$238,000 (rather than \$242,251 shown on the summary table) under the project budget.

Mr. Whitmann said that the tank has been in service since November 2017 and is still experiencing some nuisance leakage. He stated that the leak rate is approximately one half of the American Water Works Association's standard. He stated that staff will continue to monitor the leakage with the expectation that it may resolve itself. Mr. Whitmann stated that the tank is warrantied for one year, so the leakage will be evaluated prior to the warranty expiration; if the leak rate increases, appropriate action will be taken to correct it.

Mr. Whitmann noted that the reservoir was rehabilitated for about half to two-thirds the cost of a new tank. Mr. Whitmann said that staff is happy with the outcome of this project and are looking forward to the next potential design-build project which would be the rehabilitation of HB reservoir.

The Board was complimentary staff, and Mr. Whitmann in particular, for a job well done in managing and completing the project.

18-04-33	<i>Upon motion by Director Sanchez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors accepted the HP Reservoir Rehabilitation Project, directed staff to file a Notice of Acceptance with the County Recorder's Office, and authorized staff to release final retention payment in the amount of \$152,531.16 to Richard Brady & Associates, Inc. after the thirty-five day filing period (D-2301).</i>
----------	--

9. CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD CALL FOR BALLOTS

See staff report attached hereto.

After brief discussion regarding the nominating committee's recommendation (attached hereto as Exhibit A), the Board took the following action.

18-04-34 *Upon motion by Director Miller, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors cast the District's ballot for Patrick Sanchez in the San Diego County Consolidated Redevelopment Oversight Board election.*

10. WATER BILL MESSAGE

See staff report attached hereto.

Mr. Boone reviewed the proposed water bill message regarding the upcoming water rate adjustment. He stated that there is a need for a correction to the portion of the message which states that the bill "will increase by 1.25%"; he noted that the percentage should be 2 percent and that correction will be made before the message is added to water bills. Mr. Boone reviewed the memo from Finance Manager Marlene Kelleher regarding the adjustment (attached hereto as Exhibit B). Mr. Boone stated that the information regarding the service charge adjustment will be posted on the District's website.

11. SCHOLARSHIP CONTEST

See staff report attached hereto.

Assistant General Manager Brett Hodgkiss provided an overview of the District's scholarship contest and how it was promoted. He stated that the Public Affairs Committee (Chaired by Director Sanchez with Director Vásquez as the other member) reviewed the six completed applications received this year. After the Committee's careful review and consideration, the Committee recommended Dylan Soto of Vista High School as the winner in the contest, with Maggie Cincotta and Bryce Thayer, both from Mission Vista High School, as runners-up.

Director Vásquez stated that he was particularly impressed with the originality of two of the essays that were submitted; he read excerpts from both essays. Director Sanchez thanked Director Vásquez for his guidance through the process, which was new to him this year. He stated that he and Director Vásquez had a discussion along with staff about the structure of the scholarship and explored ideas regarding possible enhancements aimed at increasing participation. He said that one idea discussed was to increase the budget to add more scholarship awards. He said that the contest is currently advertised to have only one prize, and it has been at the Committee's discretion to award runner-up prizes in addition. He said that the current format could be intimidating for some students and that the Committee believed additional awards could make the contest more appealing and might yield greater participation. The Board discussed the mission of the contest, which is intended to educate students about the District and the services it provides.

The Public Affairs Committee indicated its intent to meet again to discuss ideas for restructuring the contest; the Committee will bring its recommendations to the Board for consideration at a future date.

18-04-35 *Upon motion by Director Miller, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the Public Affairs Committee's recommendation to award a \$1,500 scholarship to Dylan Soto from Vista High School as the winner of the Vista Irrigation District scholarship contest, and \$750 scholarships to Maggie Cincotta and Bryce Thayer, both from Mission Vista High School, as runners-up in the contest.*

12. 2017 ANNUAL REPORT

See staff report attached hereto.

Mr. Hodgkiss said that the Public Affairs Committee provided guidance to staff regarding the content of 2017 Annual Report in November 2017; the Committee met in March 2018 to review the draft report and made suggestions for revisions including changes to the cover, and the addition of information regarding the San Diego County Water Authority (Water Authority) and the role it plays in providing water to the District’s customers.

Director Sanchez suggested enlarging/bolding the font size of the first sentence of the article about the Water Authority for emphasis. Mr. Hodgkiss said that he would work with staff to make that change. Director MacKenzie inquired about the chart on page 19 of the report which shows the District’s distribution efficiency from 2007 to 2017. She noted that the water loss depicted in the chart seems to indicate an upward trend. Mr. Boone stated that as usage decreases, the percentage of water loss tends to increase, as it is a relative percentage. He provided some examples of how water is “lost” from the system and noted that the percentages tend to fluctuate from year to year.

18-04-36 *Upon motion by Director Miller, seconded by Director Sanchez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the 2017 Annual Report.*

13. GENERAL COUNSEL FEES

See staff report attached hereto.

Mr. Boone recalled that the last time an increase to General Counsel’s fees was considered by the Board it had been four years since the previous increase. At that time, the Board requested that consideration of future increases be placed on the agenda on a regular schedule and asked that the item be revisited in two years; Mr. Boone said that it is for this reason that this item was being presented at this time. Mr. Boone said that Rutan and Tucker’s total legal fees have been decreasing over the years, and he believes that this it thanks to the highly efficient way in which Mr. Kuperberg represents and advises the District. Mr. Boone said that staff is very satisfied and appreciative of the good work done by Mr. Kuperberg.

18-04-37 *Upon motion by Director Miller, seconded by Director Vasquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved General Counsel Joel Kuperberg’s request for adjustments to the fees for general counsel services, increasing the fee for general legal services from \$255 to \$265 per hour; and increasing the fee for special legal services from \$280 to \$290 per hour.*

14. MATTERS PERTAINING TO THE ACTIVITIES OF THE SAN DIEGO COUNTY WATER AUTHORITY

See staff report attached hereto.

Director Miller reported that there continues to be ongoing discussions at the Water Authority regarding the Bay-Delta Fix and who will pay for it. Director Miller reported that a special meeting of the Water Authority board has been scheduled to determine the profitability of the Energy Storage Project

Mr. Boone reported on the Member Agency Managers Only meeting the previous day. He noted that Water Authority Chair Mark Muir attended the meeting where productive dialog took place related to improving communication between the Water Authority and its member agencies. Chairman Muir invited all of the General Managers to attend the special meeting on April 26, which will be an all-day workshop. Mr. Boone said that it appears that many of the general managers plan to attend; he informed the Board that at this time he has no plans to attend. He added that if the Board wishes for him to attend to please let him know. Director Miller said that he would have more information about the workshop in the coming weeks and that he'll let Mr. Boone know.

15. MEETINGS AND EVENTS

See staff report attached hereto.

Director MacKenzie reported on her attendance at the Association of California Water Agencies (ACWA) Legislative Committee meeting where Senate Bill 623 (Monning), a bill to advance the proposed tax on drinking water, was discussed. Funding from the tax is intended provide assistance for people who do not have access to safe drinking water. She noted that ACWA is trying to work on amendments to the bill that will make it more practical. Also discussed was Assembly Bill 2050 (Caballero), which would authorize the creation of small system water authorities with the power to absorb, improve and operate noncompliant public water systems. She noted that the California Local Agencies Formation Commission (CALAFCO) has concerns about the bill because it is unclear how CALAFCO would be involved, if at all.

President Dorey requested authorization to attend the Vista Historical Society Hall of Fame induction ceremony on May 26. Director Sanchez requested authorization to attend the California Special Districts Association (CSDA) Legislative Days, May 22-23 in Sacramento. He stated that he would determine later if his calendar will allow for his attendance, and he will let staff know prior to the April 20 deadline for early bird registration.

18-04-38	<i>Upon motion by Director Miller, seconded by Director Vásquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors authorized President Dorey to attend the Vista Hall of Fame induction ceremony on May 26; and Director Sanchez to attend the CSDA Legislative Days, May 22-23 in Sacramento.</i>
----------	---

A brief break was taken from 10:28 a.m. to 10:39 a.m.

16. ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

See staff report attached hereto.

Mr. Boone said that the next few meetings will have very full agendas. He noted a few upcoming agenda items not on the list, including the scholarship and poster contest awards. There will also be an item to discuss the upcoming Board inspection tour of Lake Henshaw and the Warner Ranch.

17. COMMENTS BY DIRECTORS

Director Vásquez reported on news articles of interest to the local water industry. Director Miller stated that it was reported at the last Water Authority board meeting that the snowpack in the Northern Sierras was at 74 percent of normal with water content at 42 percent of normal. It was further reported that Lake Oroville was down to 47 percent of capacity due to construction and that the San Luis Rey Reservoir was at 82 percent of capacity, which is 93 percent of average. In the Upper Colorado River Basin precipitation was at 68 percent of normal with dry conditions predicted in the west for the next 30 days.

18. COMMENTS BY GENERAL COUNSEL

None were presented.

19. COMMENTS BY GENERAL MANAGER

Mr. Boone pointed out that at the Board’s places at the dais was a letter from a customer about his access across District land to his property being limited (attached hereto as Exhibit C). Mr. Boone stated that staff has been working with General Counsel for some time on this matter and will continue to do so. He added that the letter was being provided as information only at this time.

Mr. Boone said that the District has been trying to fill two vacant positions, one for Engineering Project Manager, which he believes will be filled soon, and the other is for a Finance Supervisor, which has been unsuccessful thus far. He noted that the District received very few applications for the position, which netted only three candidates that met the minimum qualifications; ultimately, none were selected for the position. Mr. Boone said that the District has reposted the position and will continue its own recruitment efforts; however, staff also believed it would be of benefit to engage the services of a Finance and Accounting recruiting firm to assist in finding suitable candidates for the position. The fee would be 25 percent of the starting salary, if the candidate hired was sent by the recruiting firm. The Board concurred with the course of action outlined by Mr. Boone.

Prior to the next agenda item, Director Miller left the Board meeting due to a possible conflict of interest related to the fact that he owns property in the same business park association as the property to be discussed. Present in the Board room were Greg Pieratt and Isaac Little of Lee & Associates. Also present was Brian Smith.

20. CLOSED SESSION FOR CONFERENCE WITH REAL PROPERTY NEGOTIATORS

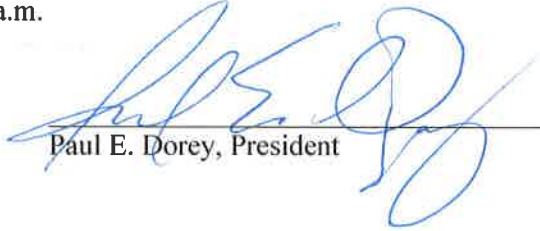
Director Dorey adjourned the meeting to closed session at 11:05 a.m. for a conference with Real Property Negotiators, per Government Code section 54956.8 to discuss the following:

- Property: Vista Irrigation District property located at the northwest corner of Engineer St. and Pipeline Dr. in Vista, CA 92081 (APN 219-532-22)
- Agency Negotiators: Eldon Boone and Brian Smith
- Negotiating Parties: Public generally
- Under Negotiation: Price and terms

The meeting reconvened in open session at 11:48 a.m. Director Dorey declared that no reportable action had been taken.

21. ADJOURNMENT

There being no further business to come before the Board, at 11:48 a.m. President Dorey adjourned the meeting to April 18, 2018 at 8:30 a.m.



Paul E. Dorey, President

ATTEST:



Lisa R. Soto, Secretary
Board of Directors
VISTA IRRIGATION DISTRICT



STAFF REPORT

Agenda Item: 6.A

Board Meeting Date:	April 4, 2018
Prepared By:	Al Ducusin
Reviewed By:	Randy Whitmann
Approved By:	Eldon Boone

SUBJECT: ACCEPTANCE OF WATER SYSTEM

RECOMMENDATION: Accept water system for a 159-lot single-family residential subdivision, known as Adobe Estates, consisting of approximately 53.95 gross acres owned by Pulte Home Corporation, located at the southwest corner of North Santa Fe Ave and Taylor Street, Vista (PC 14-215; I-3060; LN 2003-041; APN's 159-091-01 thru -50, 159-092-01 thru -53, 159-093-01 thru -74 ; DIV NO 1).

PRIOR BOARD ACTION: The Board accepted Grant of Right of Way (C124) on April 21, 2010, approved the waterline project and accepted Grant of Right of Way (P76) via Tract Map on August 21, 2013, and approved Encroachment Permit No. 123 on January 6, 2016.

FISCAL IMPACT: None.

SUMMARY: The water system is ready for acceptance by the Board which will allow the Notice of Acceptance to be filed with the County Recorder.

DETAILED REPORT: All work required by the construction contract (I-3060) has been completed. Under District inspection, the developer's contractor installed approximately 2,996 feet of 10" waterline, 4,476 feet of 8" waterline, 374 feet of 6" waterline, 155 3/4" domestic service laterals, four 1" domestic service laterals, four 1 1/2" irrigation service laterals, one 1" irrigation service lateral, and 21 fire hydrants. This project will be completed with the filing of the Notice of Acceptance.

ATTACHMENT: Map



STAFF REPORT

Agenda Item: 6.B

Board Meeting Date:	April 4, 2018
Prepared By:	Al Ducusin
Reviewed By:	Randy Whitmann
Approved By:	Eldon Boone

SUBJECT: JOINT USE AGREEMENT

RECOMMENDATION: Accept Joint Use Agreement via Parcel Map TPM 21032 over County of San Diego right-of-way along Buena Creek Road, Vista (LN 2015-031; APN 184-060-98; DIV NO 5).

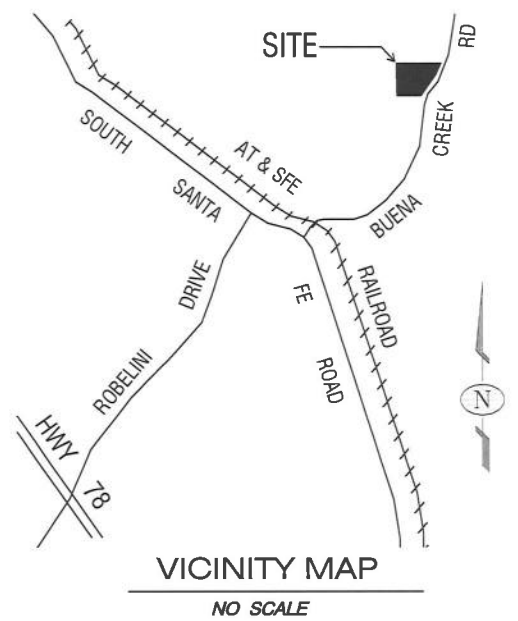
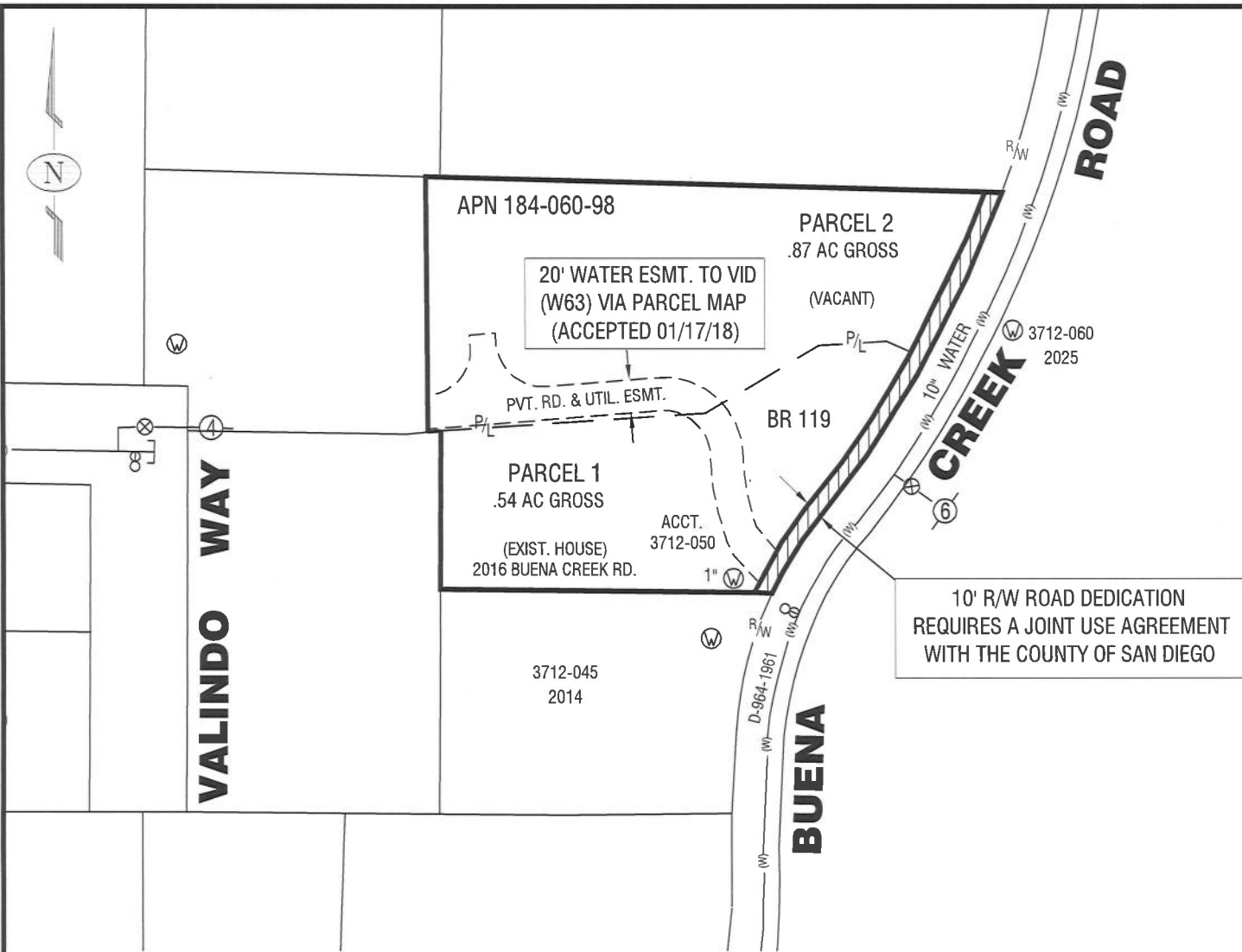
PRIOR BOARD ACTION: On January 17, 2018, the Board accepted Grant of Right of Way (W63) via parcel map for a 20 foot wide specific easement over a single-family residential parcel consisting of 1.42 gross acres owned by Walcia Trust, located at 2016 Buena Creek Road, Vista.

FISCAL IMPACT: None.

SUMMARY: On March 21, 2018, the owner's engineer requested the addition of a Joint Use Agreement (JUA) between the District and County of San Diego (County) on Parcel Map TPM 21032, which was previously signed by the Board on January 17, 2018 for Grant of Right of Way acceptance. The JUA is required by the County and defines the District's rights within the new public right-of-way along Buena Creek Road.

DETAILED REPORT: The District currently has Blanket Easement (BR119) encumbered over this property, and the Board has accepted a specific easement on the parcel map. The County is now requiring JUAs on all parcel maps where easements overlap County right-of-way; District legal counsel has reviewed the County's standard language and determined that the JUA adequately protects the rights of the District. Acceptance of this JUA will allow the owner to record Parcel Map TPM 21032 with the County Recorder.



ATTACHMENTS: Maps



ENGINEER:
ROBERT DENTINO
EXCEL ENGINEERING
440 STATE PLACE
ESCONDIDO, CA 92029
(760) 745-8118

OWNER:
WALCIA TRUST
ATTN: ROBERTO GARCIA
2016 BUENA CREEK ROAD
VISTA, CA 92084

LEGEND:

-  PROPOSED JOINT USE AGREEMENT (JUA) AREA WITHIN PUBLIC RIGHT-OF-WAY OF BUENA CREEK ROAD (COUNTY ROAD)
-  EXISTING BLANKET ESMT. AREA (BR 119) ENCUMBERED OVER APN 184-060-98 REC. OCT 6, 1925; BK 1125; PG 198

VISTA IRRIGATION DISTRICT
JOINT USE AGREEMENT
VIA PARCEL MAP TPM 21032

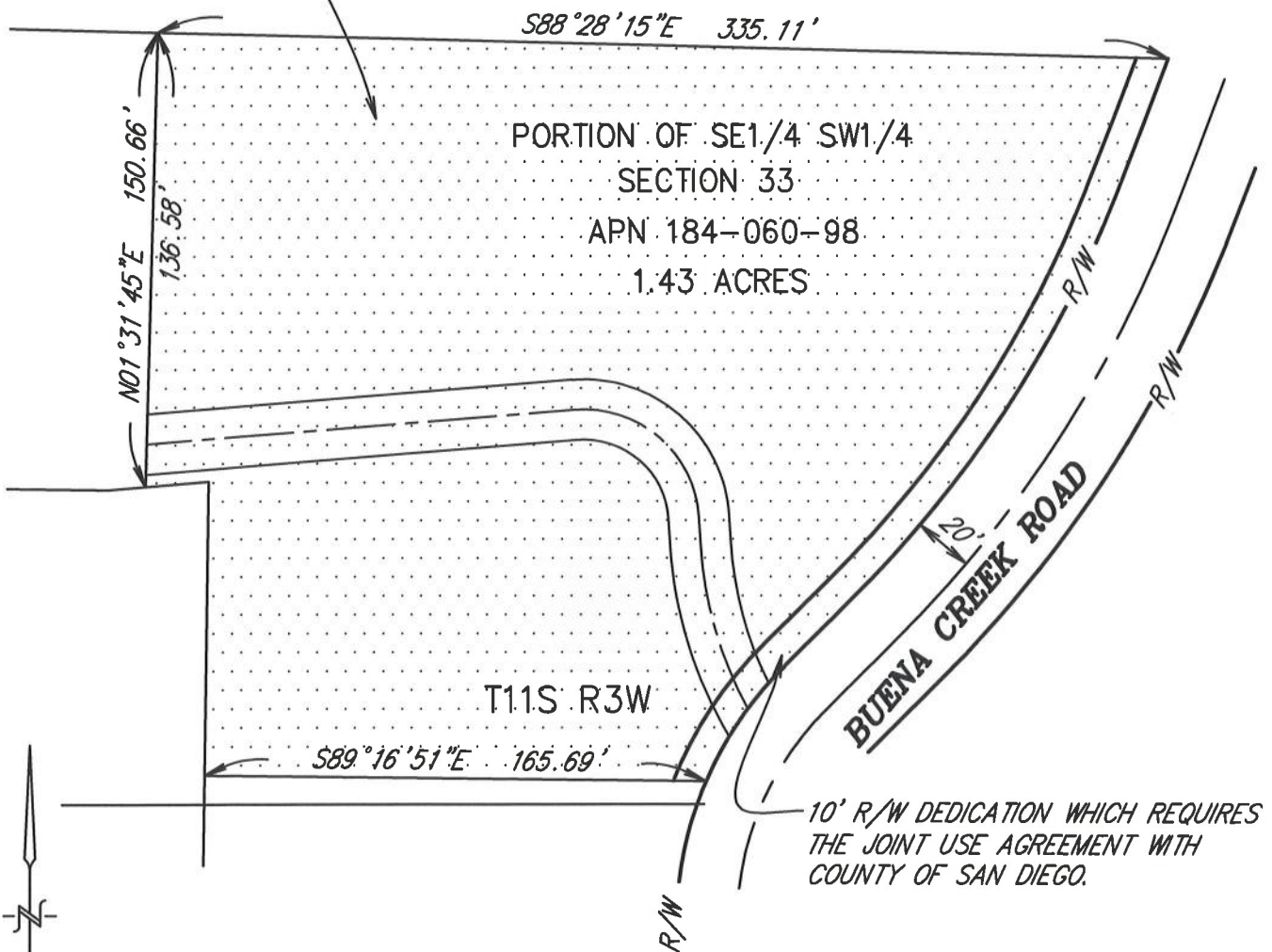
APN	184-060-98	T.B.	1088-C2
SCALE	NOT TO SCALE	L.N.	2015-031
APPD. BY	<i>RW</i>	DATE	3/26/18
DRAWN BY	PD	DATE	3/22/18
SHEET	1 OF 1	MAP	118
REVISED:	AJD 3/23/18	W.O.	
Z:ENGINEERING/LN2015-031			

EXHIBIT

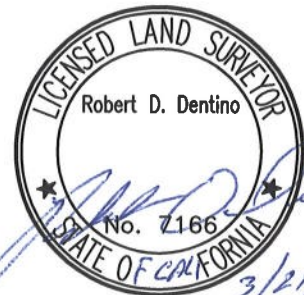
SHEET 1 OF 1

VISTA IRRIGATION DISTRICT BLANKET EASEMENT AND JOINT USE AGREEMENT AREA WITH COUNTY OF SAN DIEGO

EASEMENT GRANTED TO VISTA IRRIGATION
DISTRICT FOR PIPELINES, INGRESS AND
EGRESS, R/ECORDED OCTOBER 6, 1925 IN
BOOK 1125, PAGE 198 OF DEEDS.



SCALE: 1"=60'





STAFF REPORT

Agenda Item: 6.C

Board Meeting Date: April 4, 2018
Prepared By: Frank Wolinski
Reviewed By: Brett Hodgkiss
Approved By: Eldon Boone

SUBJECT: PAVING SERVICES

RECOMMENDATION: Authorize the General Manager to execute an agreement with Joe's Paving, Inc. for paving services on San Luis Rey Avenue in the amount of \$104,222.80.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: \$104,222.80

SUMMARY: The District solicited bids from twelve contractors for final asphalt repairs for this project. Five contractors attended the mandatory job walk, and bids were received from Joe's Paving, Inc., Frank & Son Paving, Inc. and T. Maus Grading & Paving, Inc. T. Maus Grading & Paving, Inc.'s submittal was deemed non-responsive due to an omission on their bid sheet. Joe's Paving, Inc. responded with the lowest bid.

DETAILED REPORT: District staff installed approximately 500' of 4" and 1,700 feet of 8" PVC pipe on San Luis Rey Avenue. This project replaced various size steel and Nipponite pipe that was installed in the early 1950's through 1968. Bids were solicited for approximately 25,000 square feet of asphalt repair work on this job and the results are as follows:

- Joe's Paving, Inc. \$104,222.80
- Frank & Son Paving, Inc. \$106,020.40
- T. Maus Grading & Paving, Inc. Non-responsive

Cash Disbursement Report



Payment Dates 03/08/2018 - 03/21/2018

Payment Number	Payment Date	Vendor	Description	Amount
58449-58451	03/14/2018	Refund Checks 58449-58451	Customer Refunds	1,690.64
58452	03/14/2018	Refund Check 58452	Customer Refund	1,730.31
58453	03/14/2018	ACWA/JPIA	Medical & Dental Insurance 04/2018- Cobra	(138.18)
	03/14/2018		Medical & Dental Insurance 04/2018 - Cobra	792.40
	03/14/2018		Medical & Dental Insurance 04/2018 - Cobra	69.09
	03/14/2018		Medical & Dental Insurance 04/2018 - Employees	167,530.98
	03/14/2018		Medical & Dental Insurance 04/2018 - Retirees	35,955.37
	03/14/2018		Medical & Dental Insurance 04/2018 - P Sanchez	1,806.00
	03/14/2018		Medical & Dental Insurance 04/2018 - R Vasquez	1,576.55
	03/14/2018		Medical & Dental Insurance 04/2018 - M Miller	1,806.00
	03/14/2018		Medical & Dental Insurance 04/2018 - J MacKenzie	1,806.00
	03/14/2018		Medical & Dental Insurance 04/2018 - P Dorey	1,576.55
58454	03/14/2018	Airgas USA LLC	Welding Supplies	102.06
58455	03/14/2018	Aquajet Art	Itron ERT Brackets (400)	1,293.00
58456	03/14/2018	B&K Engraving	Quagga Coupon Labels	80.11
58457	03/14/2018	Boot Barn Inc	Footwear Program	137.48
	03/14/2018		Footwear Program	180.00
58458	03/14/2018	Cecilia's Safety Service Inc	Traffic Control - Skyline Dr	552.50
	03/14/2018		Traffic Control - Mira Sol Drive	595.00
58459	03/14/2018	Clinical Lab of San Bernardino Inc	Lab Samples	920.00
58460	03/14/2018	Council of Water Utilities	Meeting 03/20/18 - R Vasquez	40.00
	03/14/2018		Meeting 03/20/18 - P Dorey	40.00
	03/14/2018		Meeting 03/20/18 - B Hodgkiss	40.00
	03/14/2018		Meeting 03/20/18 - E Boone	40.00
58461	03/14/2018	Direct Energy	Electric 02/2018 - VID	1,116.56
	03/14/2018		Electric 02/2018 - Henshaw Buildings & Grounds	338.03
	03/14/2018		Electric 02/2018 - Henshaw Well Field	8,075.08
	03/14/2018		Electric 02/2018 - T & D / Cathodic Protection	26.61
	03/14/2018		Electric 02/2018 - Reservoirs	11.32
	03/14/2018		Electric 02/2018 - Pump Stations	2,838.58
	03/14/2018		Electric 02/2018 - Treatment Plants	25.79
58462	03/14/2018	EDCO Waste & Recycling Services Inc	40 yd Dumpster	456.69
58463	03/14/2018	Ferguson Waterworks	Cla-Val Parts	2,368.30
	03/14/2018		Curb Stop 1" Flare (5)	457.36

Payment Number	Payment Date	Vendor	Description	Amount
	03/14/2018		Cover 12" Valve Box Cast Iron (2)	132.07
	03/14/2018		Service Saddle 6x2 C900 PVC (1)	111.50
	03/14/2018		Sleeve 12" Galvanized Top Sections (2)	36.81
	03/14/2018		Tubing 2" Copper Soft (20)	302.02
	03/14/2018		DFW Meter Box Small (4)	316.09
	03/14/2018		Air Vent Enclosure (1)	386.45
	03/14/2018		Adapter 2" Copper x MIP (2)	22.73
	03/14/2018		DFW Meter Box Lid Small (4)	229.49
	03/14/2018		Nipple 2x12 Brass (2)	60.62
	03/14/2018		Ell 2" Brass 90 Degree St. (2)	49.80
	03/14/2018		Corp Stop 1" Flare (6)	290.39
	03/14/2018		Ell 6" Cast Iron PO 45 Degree (2)	139.43
	03/14/2018		Corp Stop 2" (2)	389.70
	03/14/2018		Cover 8" Valve Cast Iron Water (1)	24.90
	03/14/2018		Curb Stop 2" (2)	534.76
	03/14/2018		Tubing 1" Copper Soft (120)	545.58
	03/14/2018		Service Saddle 6x1 C900 PVC (6)	558.57
	03/14/2018		Pipe 6" PVC DR-14 C900 (280)	1,803.45
	03/14/2018		Zinc Anode bag 30lb (5)	649.50
	03/14/2018		Gate Valve 6" POxFL R/W C900 (1)	790.00
	03/14/2018		6-8" Nut, Bolt and Gasket set (1)	8.12
	03/14/2018		6" PO end cap (1)	34.86
	03/14/2018		8" Galvanized Sleeve (1)	9.74
	03/14/2018		2 sch80 threaded caps (1)	12.99
	03/14/2018		Coupling Meter 1" x 3.5" (5)	171.58
	03/14/2018		Coupling 2" Brass (25)	332.87
	03/14/2018		Ell 2" Black Street 90 Degree (10)	89.85
	03/14/2018		Bushing 2x.75 Brass (10)	97.43
	03/14/2018		Coupling Meter .75"x1.50" (25)	400.53
	03/14/2018		Cap 1.5" Brass (10)	63.87
	03/14/2018		Cap 2" Brass (10)	109.33
	03/14/2018		Tee 2" Copper (5)	96.88
	03/14/2018		Cutter 2" Carb Shell PVC (2)	331.25
	03/14/2018		Drill .25" PD Pilot (6)	120.16
	03/14/2018		Cutter 1.5" Carb Shell PVC (4)	523.93
	03/14/2018		Cutter 1" Carb Shell PVC (4)	502.28
	03/14/2018		Cutter 1" Carb Shell DI (4)	484.96
	03/14/2018		Drill 3/8" PD Carb Tip Pilot (6)	120.16
	03/14/2018		Cutter 1" Carb Shell AC (4)	484.96
	03/14/2018		Drill 1-2" SCA102 Motor Arbor (3)	103.92

Payment Number	Payment Date	Vendor	Description	Amount
58464	03/14/2018	Glennie's Office Products Inc	Office Supplies	11.01
	03/14/2018		Office Supplies	72.40
	03/14/2018		Office Supplies	169.10
58465	03/14/2018	Grainger	Chain Wrench for Well Pulling	833.19
	03/14/2018		Pipe Insulation	27.12
58466	03/14/2018	Home Depot Credit Services	Impact Wrench. Battery/Charger	409.19
	03/14/2018		Cordless Hackzall, Grinder - Truck 10	365.89
	03/14/2018		Wall Blocks	24.54
	03/14/2018		Wall Blocks	126.00
	03/14/2018		Concrete 60lb bags (336)	1,030.24
	03/14/2018		Batteries for Cordless Tools	107.17
	03/14/2018		Drill/Impact Combo Kit	410.27
	03/14/2018		Bracket to Install New Monitor	75.39
	03/14/2018		Pliers, Concrete Sawblades, Paint Hardener	58.00
	03/14/2018		Primer Paint, Hog Rings	24.46
	03/14/2018		Sink Faucet	46.55
	03/14/2018		Plywood	36.57
	03/14/2018		Cleaner, Super Glue	30.65
	03/14/2018		Shop Vac Parts	30.25
	03/14/2018		Parts to Hang Monitor	45.95
	03/14/2018		Parts for Generator Wiring/Outlets	124.53
	03/14/2018		Material to Form & Build New Flume Bridge	372.87
	03/14/2018		Owl Box & Raptor Perch Material	179.81
	03/14/2018		Material for La Honda Rectifier Project	120.61
	03/14/2018		Material for La Honda Rectifier Project	307.99
	03/14/2018		Electrical Supplies	24.64
	03/14/2018		Electrical Supplies	392.08
	03/14/2018		Electrical Supplies, Silicone	48.05
	03/14/2018		Batteries	17.30
	03/14/2018		Batteries	155.69
58467	03/14/2018	HUB Construction Specialties	Rebar	64.65
58468	03/14/2018	Joe's Paving	Patch Paving	13,836.35
	03/14/2018		Patch Paving	3,497.73
58469	03/14/2018	Lawnmowers Plus Inc	Switch Key	9.48
58470	03/14/2018	Major League Pest/Gemini Pest Control	Pest Control Service 01/2018	93.00
58471	03/14/2018	Medical Eye Services	Vision Insurance 04/2018 - Cobra	14.24
	03/14/2018		Vision Insurance 04/2018 - Cobra	14.24
	03/14/2018		Vision Insurance 04/2018 - Cobra	8.78
	03/14/2018		Vision Insurance 04/2018 - Cobra	14.24
	03/14/2018		Vision Insurance 04/2018 - Employees	1,659.30

Payment Number	Payment Date	Vendor	Description	Amount
	03/14/2018		Vision Insurance 04/2018 - J MacKenzie	14.24
	03/14/2018		Vision Insurance 04/2018 - M Miller	14.24
	03/14/2018		Vision Insurance 04/2018 - R Vasquez	14.24
	03/14/2018		Vision Insurance 04/2018 - P Dorey	14.24
	03/14/2018		Vision Insurance 04/2018 - P Sanchez	14.24
58472	03/14/2018	Moodys	Dump Fees (2)	400.00
	03/14/2018		Dump Fees (2)	400.00
58473	03/14/2018	MRC, Smart Technology Solutions	Manage Print Service	964.64
	03/14/2018		Manage Print Service	964.64
58474	03/14/2018	North County Auto Parts	Oil	213.69
	03/14/2018		Turn Rotors	37.00
	03/14/2018		Filters, Key Fob Batteries	38.41
	03/14/2018		Brake Fluid, Glass Cleaner, Anti Seize	27.79
	03/14/2018		Oil	27.15
58475	03/14/2018	Pollardwater	D-Chlor Tablets	915.17
58476	03/14/2018	R & R Controls Inc	HVAC VAV Actuators	191.66
58477	03/14/2018	R.S. Hughes	Gloves Welding LG (10)	147.11
58478	03/14/2018	Rincon del Diablo MWD	MD Reservoir Water Service 02/2018	41.71
58479	03/14/2018	San Diego Gas & Electric	Gas Use 02/2018	764.97
	03/14/2018		Electrical Transmission 02/2018	4,234.67
	03/14/2018		Electric 02/2018 - T&D	79.08
	03/14/2018		Electric 02/2018 - Reservoirs	41.42
58480	03/14/2018	Southern Counties Lubricants, LLC	Fuel 02/15/18 - 02/28/18	4,568.63
58481	03/14/2018	Spok, Inc	Pagers	14.73
	03/14/2018		Pagers	43.93
58482	03/14/2018	Tegriscap Inc	Landscape Maintenance 02/2018	1,840.00
58483	03/14/2018	The UPS Store 0971	Shipping 02/2018	83.01
58484	03/14/2018	Midas Service Experts	Tires & Alignment (3) - Truck 13	665.20
58485	03/14/2018	TS Industrial Supply	Black Striping Paint	541.29
	03/14/2018		Pipe Beveler	959.61
58486	03/14/2018	UniFirst Corporation	Uniform Service	346.22
58487	03/14/2018	VG Donuts & Bakery Inc	Board Meeting 03/07/18	28.66
58488	03/14/2018	Vista Chamber of Commerce	2018 Vista Strawberry Festival Booth Fee	75.00
58489-58490	03/21/2018	Refund Checks 58489-58490	Customer Refunds	2,504.36
58491-58493	03/21/2018	Refund Checks 58491-58493	Customer Refunds	559.23
58494	03/21/2018	Refund Check 58494	Customer Refund	16.33
58495	03/21/2018	101 Pipe & Casing, Inc	Materials for Well 8A	15,684.09
58496	03/21/2018	Active Auto Collision	Hood & Utility Bed Repair/Paint - Truck 30	4,792.53
58497	03/21/2018	ACCO Brands Direct	Office Supplies	86.05
58498	03/21/2018	BHA Inc	Henshaw Dam Survey 02/2018	2,182.65

Payment Number	Payment Date	Vendor	Description	Amount
58499	03/21/2018	Canon Solutions America, Inc	Copier Maintenance	116.67
58500	03/21/2018	Cecilia's Safety Service Inc	Traffic Control - San Luis Rey Ave	2,507.50
	03/21/2018		Traffic Control - Alta Vista Dr	1,360.00
	03/21/2018		Traffic Control - Lemon Ave	1,360.00
	03/21/2018		Traffic Control - E. Vista Way	75.00
	03/21/2018		Traffic Control - Pala Vista/S. Santa Fe	75.00
58501	03/21/2018	Coast Equipment Rentals	Excavator Rental	2,592.00
58502	03/21/2018	Core & Main	Adapter Fire Hydrant Brass 2.5"x.75" (3)	37.67
	03/21/2018		Nozzle 1.5" Fire Hose (10)	112.58
	03/21/2018		Air Vent Enclosure (19)	6,906.36
	03/21/2018		Air Vent Enclosure (1)	363.50
	03/21/2018		Coupling 10" Deflection C900 (9)	1,387.83
	03/21/2018		Coupling 8" Deflection C900 (10)	613.78
	03/21/2018		Coupling 6" Deflection C900 (6)	153.93
	03/21/2018		PVC Plugs (9)	44.61
	03/21/2018		Restrainer Glands	583.14
58503	03/21/2018	CoreLogic Solutions Inc	CoreLogic RealQuest Service 02/2018	300.00
58504	03/21/2018	Crest Investment Group Inc	Meter Deposit Refund	607.00
58505	03/21/2018	Digital Deployment, Inc	Website Hosting, Maintenance & Support	300.00
58506	03/21/2018	El Camino Rental	Concrete	400.52
	03/21/2018		Concrete	162.38
	03/21/2018		Dump Truck Rental	173.70
58507	03/21/2018	Electrical Sales Inc	Cable Ties, Split Bolts Connectors	178.82
	03/21/2018		LED Overhead Lights	974.19
58508	03/21/2018	Eurofins Eaton Analytical Inc	Lead Samples	60.00
58509	03/21/2018	Ferguson Waterworks	6" Ell (2)	135.92
	03/21/2018		Claval Regulator & Maintenance Parts	3,355.25
	03/21/2018		Ell's (4)	(271.84)
58510	03/21/2018	Geib Lumber Company	Timber	83.08
	03/21/2018		Timber	58.18
	03/21/2018		Timber	40.37
58511	03/21/2018	D.H. Maintenance Services	Janitorial Service 03/2018	2,275.00
58512	03/21/2018	GLC-(CA) Vista LLC	Solar Use 02/2018	4,513.95
58513	03/21/2018	Glenn Miller	Reimburse - D3 Certificate Renewal	120.00
58514	03/21/2018	Glennie's Office Products Inc	Office Supplies	65.20
	03/21/2018		Office Supplies	56.18
58515	03/21/2018	Grainger	O-Rings (5)	10.83
	03/21/2018		Connectors, Batteries, Sealant Tape, O-Rings	171.36
	03/21/2018		Digital Signal Current Fluke Meter	665.75
	03/21/2018		Filter for Water Hydration Station	131.90

Payment Number	Payment Date	Vendor	Description	Amount
58516	03/21/2018	Hassan Assi	Reimburse - Property Rental for Construction Staging	3,850.00
58517	03/21/2018	Hello Deli	Lunch 03/14/18 - Interview Panel (4)	47.88
58518	03/21/2018	Hidden Valley Pump Sys Inc	Pulling & Inspecting Well 11A	9,125.00
	03/21/2018		Pulling & Inspecting Well 32A	10,900.00
58519	03/21/2018	Horton Knox Carter & Foote LLP	Legal Services 03/2018	12,000.00
58520	03/21/2018	HUB Construction Specialties	Rebar	192.23
58521	03/21/2018	InfoSend Inc	Data Processing/Mailing Service 02/2018	7,132.68
	03/21/2018		Support & Storage 02/2018	1,250.57
58522	03/21/2018	Interstate Battery of San Diego Inc	Battery - AZ1	105.10
58523	03/21/2018	Iron Mountain Records Management	Offsite Media Storage	301.49
58524	03/21/2018	Jo MacKenzie	Reimburse - ACWA Symposium 03/2018	413.01
58525	03/21/2018	Joe's Paving	Patch Paving	5,269.10
	03/21/2018		Patch Paving	7,584.55
	03/21/2018		Patch Paving	6,854.60
58526	03/21/2018	KEH & Associates, Inc	Cured-In-Place-Pipe Rehab Evaluation 02/18	11,471.63
58527	03/21/2018	Ken Grody Ford Carlsbad	Oil Drain Plugs (6)	48.88
58528	03/21/2018	Kimball Midwest	Clamps, Washers, Protectant, Cleaner	129.16
	03/21/2018		Cabinets (2)	344.24
	03/21/2018		Cabinet (1)	173.08
58529	03/21/2018	Leon Perrault Trucking & Materials	Trucking & Material 02/2018	10,258.13
58530	03/21/2018	Liebert Cassidy Whitmore	Legal 02/2018 - General	175.00
58531	03/21/2018	Major League Pest/Gemini Pest Control	Pest Control Service 02/2018	93.00
58532	03/21/2018	Moodys	Dump Fees (4)	800.00
	03/21/2018		Dump Fees (3)	600.00
	03/21/2018		Dump Fee (1)	200.00
58533	03/21/2018	MRC, Smart Technology Solutions	Manage Print Service	940.70
58534	03/21/2018	North County Auto Parts	Filters & Oil	198.92
	03/21/2018		Air Filters	116.98
	03/21/2018		Battery - Car #9	119.85
	03/21/2018		Strobe Toggle Switch	7.98
	03/21/2018		Filters, Oil, Wiper Blades, Bulbs	151.47
	03/21/2018		Penetrating Oil	55.55
58535	03/21/2018	Pacific Pipeline Supply	Zinc Anode Bar 15lb (60)	4,091.85
	03/21/2018		End Cap	77.58
	03/21/2018		Ell 4" Cast Iron PO 22.5 Degree (2)	148.17
	03/21/2018		Service Saddle 6x2 Brass AC (5)	778.28
	03/21/2018		Adapter 1.5" Copper Male (6)	120.12
	03/21/2018		Service Saddle 6x1 Brass AC (5)	619.56
58536	03/21/2018	Red Wing Shoe Store	Footwear Program	462.63
58537	03/21/2018	Rincon del Diablo MWD	Calendars	4,717.51

Payment Number	Payment Date	Vendor	Description	Amount
58538	03/21/2018	Ruby Slipper Shoes & Repair	Footwear Repair	28.95
58539	03/21/2018	San Diego Friction Products	Latex Gloves	14.07
	03/21/2018		ABS Valve	194.85
58540	03/21/2018	Sunrise Materials Inc	Gravel Bags, Caps, Pallets	2,746.30
58541	03/21/2018	The San Diego Union-Tribune LLC	Advertisement for Group Job 1 Bid	376.95
58542	03/21/2018	TS Industrial Supply	Wrenches (3)	126.02
	03/21/2018		Welding Cables, Ground Clamp, Electrode Holder	631.41
	03/21/2018		Tool Box Shelving Bins (3)	379.43
	03/21/2018		Stabilizer Jack, Float Switches	190.24
	03/21/2018		Torque Wrench, Air Hammer, Quick Change Collar	334.75
	03/21/2018		Locks 2029 Master	1,174.51
	03/21/2018		Mercury Spill Kit	191.20
	03/21/2018		Water Cups	129.17
	03/21/2018		Cord for Dewalt Beveler	41.77
	03/21/2018		Quick Couplers, Bits, Suction Hose Screen	297.26
	03/21/2018		Square 12" Combination (4)	57.37
	03/21/2018		Digging Bar Light Duty (2)	76.21
	03/21/2018		Wrench 10" Adjustable (6)	156.20
	03/21/2018		Wrench 1 1/8" Knocker (4)	212.17
	03/21/2018		Hose 50' 5/8" Garden Heavy Duty (4)	249.30
	03/21/2018		Hose 50' Welding (2)	267.38
	03/21/2018		Hose 100' Welding (2)	383.64
	03/21/2018		Wrench T-Handle 5'-10' (6)	800.83
	03/21/2018		Air Hose Reel	242.80
	03/21/2018		Towel Wypall X80 (25)	798.34
58543	03/21/2018	Underground Service Alert of Southern California	DigAlert New Tickets	336.70
58544	03/21/2018	UniFirst Corporation	Uniform Service	488.91
	03/21/2018		Uniform Service	725.35
	03/21/2018		Uniform Service	343.99
	03/21/2018		Uniform Service	282.57
	03/21/2018		Uniform Service	291.33
	03/21/2018		Uniform Service	(26.79)
58545	03/21/2018	Union Bank	Inspection & Assessment of Dams Course	34.20
	03/21/2018		Inspection & Assessment of Dams Course	197.96
	03/21/2018		Inspection & Assessment of Dams Course	905.00
	03/21/2018		GRA Webinar	75.00
	03/21/2018		ACWA Spring Conference - R Whitmann	142.96
	03/21/2018		North County HR San Diego Luncheon Mtg	50.00
	03/21/2018		ACWA Spring Conference - P Dorey	307.96
	03/21/2018		ACWA Spring Conference - R Vasquez	208.96

Payment Number	Payment Date	Vendor	Description	Amount
	03/21/2018		ACWA Spring Conference - P Sanchez	16.00
	03/21/2018		ACWA Spring Conference - M Miller	74.98
	03/21/2018		ACWA Spring Conference - P Sanchez	30.98
	03/21/2018		ACWA Spring Conference - P Sanchez	135.98
	03/21/2018		ACWA Legislative Symposium - J MacKenzie	245.00
	03/21/2018		ACWA Spring Conference - J MacKenzie	699.00
	03/21/2018		Special District Leadership Academy - B Hodgkiss	112.00
	03/21/2018		ACWA Spring Conference - E Boone	142.96
	03/21/2018		ACWA Spring Conference - B Hodgkiss	212.96
	03/21/2018		Special District Leadership Academy - B Hodgkiss	10.00
	03/21/2018		Special District Leadership Academy - B Hodgkiss	5.00
	03/21/2018		Special District Leadership Academy - B Hodgkiss	104.00
	03/21/2018		Special District Leadership Academy - B Hodgkiss	450.00
58546	03/21/2018	Vista Lock & Safe Co	Keys	21.34
58547	03/21/2018	Vortex Industries Inc	Repair of Roll-up Door	310.00
58548	03/21/2018	Vulcan Materials Company and Affiliates	Cold Mix	2,108.24
58549	03/21/2018	WM LampTracker Inc	Battery Disposal - Universal Waste	139.00
Grand Total:				470,917.51



STAFF REPORT

Agenda Item: 7

Board Meeting Date: April 4, 2018
Prepared By: Brett Hodgkiss, Don Smith, and Brian Smith
Approved By: Eldon Boone

SUBJECT: DIVISION REPORTS

RECOMMENDATION: Note and file informational report.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: None.

SUMMARY: Previous month's and anticipated activities are reported by each division.

FIELD SERVICES AND WATER RESOURCES DIVISION

**VID Water Production
February 2018**

Description	Current Month Production		Average Production of Last 12 Months		Total, Fiscal Year-to-Date
	(mgd)	(af)	(mgd)	(af)	(af)
<i>VID's EVWTP Water Production</i>					
Local Water	0.00	0.00	2.81	264.38	3,172.60
SDCWA Raw Water	9.98	857.80	4.38	404.97	4,859.60
Subtotal (EVWTP Water Production)	9.98	857.80	7.19	669.35	8,032.20
Oceanside Contract Water	2.97	255.20	0.83	76.27	725.30
SDCWA Treated Water	0.62	53.30	8.17	767.20	3,550.10
TOTAL WATER PRODUCTION	13.57	1,166.30	16.20	1,512.82	12,307.60

Lake Henshaw and Warner Ranch Wellfield statistics are summarized as follows:

Lake Henshaw

Storage as of March 27, 2018: 4,387 af (8% of 51,774 af capacity)
 Current releases: 0 cfs
 Change in storage for month of February: 373 af (gain)
 Total releases for month of February: 0 af
 Hydrologic year-to-date rain total: 11.74 inches (March 27, 2018)
 Percent of yearly average rain: 48% (30-year average: 24.58 inches)
 Percent of year-to-date average rain: 53% (30-year average through March: 22.10 in.)

Warner Ranch Wellfield

Number of wells running in February: 11
 Total production for month of February: 525 af
 Average depth to water table (February): 111 ft (see attached historical water table chart)

**Electrical Energy Use at VID Headquarters
 February 2018**

Description	Current Month Production	Average of Last 12 Months	Total, Fiscal Year-to-Date
	(kWh)	(kWh)	(kWh)
Solar Production (\$0.16 per kWh)	27,863	33,669	240,406
Power purchased from Direct Energy (\$0.05 per kWh)	16,644	15,990	163,041
TOTAL ELECTRICAL ENERGY USE	44,507	49,660	403,447

March

- Water Quality Calls/Incidents for March – received one odor complaint and one discolored water call. The odor call was related to pipe lubricant from a newly installed water main. The discolored water call was investigated and determined to a private plumbing issue.
- Continued main line replacement of Nipponite pipe on Quails Trail – install approximately 950’ of 8” PVC pipe, 11 services and two fire hydrant laterals.
- Continued HP reservoir pipeline extension on Edgehill Road – install approximately 275’ of 6” PVC pipe and 6 service laterals.
- Continued main line replacement of 8” steel pipe on Pala Vista Drive – install approximately 200’ of 8” PVC pipe and one service lateral.
- Completed main line replacement of 4” and 6” AC pipe on Buena Village Drive, Cathan Lane and a private easement off of York Drive – installed 1,760’ of various sizes of PVC pipe, 10 services and one fire hydrant.
- Completed main line replacement of Nipponite and steel pipe on San Luis Rey Avenue – installed approximately 2,300’ of various sizes of PVC pipe, 34 services and 5 hydrants.

April

- Begin main line replacement of Nipponite pipe on Peach Grove Lane – install approximately 400’ of 8” PVC pipe, 15 service laterals and one fire hydrant.
- Continue main line replacement of Nipponite pipe on Quails Trail – install approximately 950’ of 8” PVC pipe, 11 services and two fire hydrant laterals.
- Continue HP reservoir pipeline extension on Edgehill Road – install approximately 275’ of 6” PVC pipe and 6 services.
- Continue main line replacement of 8” steel pipe on Pala Vista Drive – install approximately 200’ of 8” PVC pipe and one service lateral.

ATTACHMENTS:

Lake Henshaw Resort, Inc., Activity Reports – January 31, 2018
 VID’s Warner Wellfield – Water Table Depth vs. Monthly Wellfield Production

ADMINISTRATION DIVISION

March

- The District's total water production for February 2018 was 1,166 acre-feet (AF) compared to 1,028 AF in 2013, representing a 13 percent increase.
- Presented information regarding the poster contest to 4th grade classes located within the District's service area.
- Continued coordinating the development of the District Budget.
- Participated in California Special Districts Association Fiscal Committee meeting.
- Completed recruitment for Welder I/II position. Rick Reyna was offered and accepted a promotion to this position.
- Continued recruitments for Finance Supervisor and Engineering Project Manager positions.
- Presented information about the District and its operation to a group of eighth grade students from Vista Unified School District as part of the school district's "Talent Cities" program; the goal of the program is to provide students with career ideas so that they are better able to plan their high school and post-secondary educational programs.
- Hosted training sessions for supervisors and managers on leadership and handling difficult conversations with employees; these trainings were open to other water agencies.
- Coordinated training for supervisors and managers on the recruitment/hiring process.
- Coordinated annual training on pesticide application for field personnel.

April

- Host Homeowner Landscape Makeover Workshop.
- Present information on water supply conditions and water conservation to Kiwanis Club of Sunrise Vista.
- Continue coordinating the development of the District Budget.
- Continue recruitments for Finance Supervisor and Engineering Project Manager positions.

ENGINEERING DIVISION

March

- Mainline Replacements – Continued working on design of main replacement projects.
- The District has replaced approximately 7.1 miles of Nipponite pipe since 2002. Of the 8.9 miles of Nipponite pipe remaining in the system, replacement of 5.1 miles is currently in design and 0.2 mile is in construction.

April

- Mainline Replacement Projects in design (current projects): Buena Creek Rd., Hollyberry Dr.*, Alta Vista Dr. (D3 regulator relocation), York Dr., Montgomery Dr., Clarence Dr., Peach Grove Ln.*, Drury Lane, , Lonsdale Ln.*, Rosario Ln.*, Lita Ln., Via Christina, Calle Maria, Camino Mateo, Catalina Ave.* (Total length = 3.98 miles).
- Mainline Replacement Projects in planning (future projects): N. Citrus Ave., Nevada Ave., Lemon Ave., Hillside Tr., Camino Ciego*, E. Vista Way, Mason Rd., Lado De Loma, Eddy Dr., Camino Patricia, Camino Corto, Nordahl Rd.*, HN Line- Gopher Canyon to Fairview Dr., Buena Creek Rd.*, Alta Vista Dr., Robinhood Rd., Lower Ln., Easy St., Vista Grande Dr.*, Green Hills Way, Elevado Road, Rancho Vista Rd., Bandini Place, McGavran Dr., Oro Avo Dr., Shale Rock, La Mirada, Crescent Dr., Descanso Ave., Mar Vista Dr., Miramar Dr. (Total length = 5.86 miles).

- Mainline Replacements (consultant projects) – Review bids for the construction of Group Job 1: Taylor St.*, Goodwin Dr.*, N. Santa Fe Ave., Osborne St. (Total length = 1.52 miles); begin design of Group Job 2 based on completed pre-design report: Camino Culbera*, Camino Loma Verde*, Catalina Ave.*, Friendly Dr.*, Oak Dr.*, San Clemente Ave./Way*, Vista Grande Dr.*, and Warmlands Ave.* (Total length = 2.78 miles).
- City of Vista Projects – (Paseo) South Santa Fe Streetscape Improvements: Phase II along South Santa Fe Avenue from Ocean View to Terrace Drive (CIP #8289); Phase III along South Santa Fe Avenue from Terrace Drive to Civic Center Drive (CIP #9291). The City anticipates beginning construction in the Fall (Total length = 0.77 miles).

*Nipponite pipe

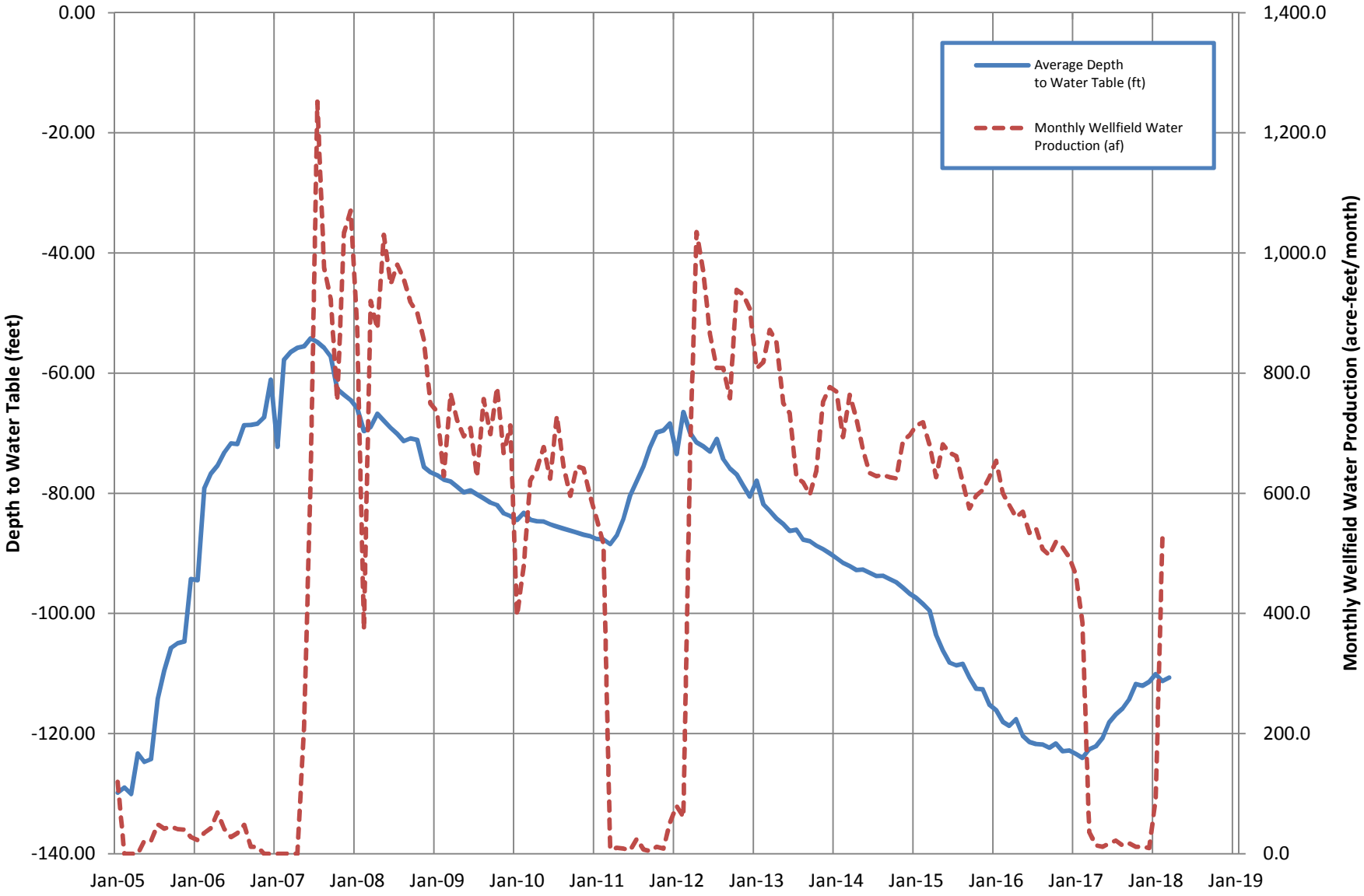


**LAKE HENSHAW RESORT, INC.
ACTIVITY REPORT
AS OF JANUARY 31, 2018**

	2017 Jan	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	12 MO AVG
Fishing Permits	109	83	344	761	859	897	768	660	609	381	377	136	196	506
Boat Launches	0	1	3	22	30	46	23	23	5	7	3	3	3	14
Motor Boats (full day rental)	14	0	7	40	64	64	66	49	25	13	16	9	15	31
Motor Boats (half day rental)	0	0	0	14	13	13	20	11	4	4	8	3	3	8
Campground/Head Count	77	54	284	936	1,236	944	1,745	1,049	1,380	485	72	84	31	692
Campground/Cars, Trucks, etc.	12	15	214	263	502	325	592	444	521	172	125	38	15	269
Campground/Recreational Vehicles	0	3	6	37	21	24	9	0	15	11	7	3	1	11
Mobile Home/Spaces	65	66	68	63	69	73	80	81	88	90	90	90	92	79
M.H.P. Daily (Visitors/Head Count)	0	0	0	0	36	42	46	32	42	39	56	62	46	33
M.H.P. (Residents/Head Count)	98	99	99	97	96	113	132	133	124	126	125	128	124	116
Storage	4	7	6	3	6	6	7	4	4	4	4	5	5	5
Cabins	109	112	169	207	214	185	201	232	202	283	217	168	174	197
Hunters	78	0	0	0	0	0	0	0	0	0	0	31	21	4

VID's Warner Wellfield

Water Table Depth vs. Monthly Wellfield Production





STAFF REPORT

Agenda Item: 8

Board Meeting Date: April 4, 2018
Prepared By: Randy Whitmann
Reviewed By: Brett Hodgkiss
Approved By: Eldon Boone

SUBJECT: HP RESERVOIR REHABILITATION PROJECT

RECOMMENDATION: Accept the HP Reservoir Rehabilitation Project, direct staff to file a Notice of Acceptance with the County Recorder's Office, and authorize staff to release final retention payment in the amount of \$152,531.16 to Richard Brady & Associates, Inc. after the thirty-five day filing period (D-2301).

PRIOR BOARD ACTION: On July 20, 2016, the Board authorized Richard Brady & Associates, Inc. (Brady) to design the HP Reservoir Rehabilitation Project (Project). On September 21, 2016, the Board authorized the Project's construction through a design-build contract with Brady in the amount of \$3.49 million.

FISCAL IMPACT: The final contract amount with Brady totaled \$3,247,749.00 (\$242,251.00 under the approved budget). The final retention payment to be released to Brady is \$152,531.16.

SUMMARY: The Project is complete and has been preliminarily accepted by District staff (subject to Board approval). Once the Notice of Acceptance is recorded with the County of San Diego, the one-year warranty period will begin, and the final retention payment will be due and payable to Brady thirty-five days thereafter.

DETAILED REPORT: The HP Reservoir is a 4.7 million gallon (mg), pre-stressed concrete tank constructed in the early 1960s and located at the end of Edgehill Road. In May 2016, the tank was drained and taken out of service due to the need for immediate structural repairs. With the HP Reservoir being instrumental in providing regional operation, emergency, and fire flow storage, the District engaged Brady to provide design-build construction services in an effort to provide the most expedient and cost effective method for getting the tank back in service.

The final construction cost was \$3,247,749.00, which includes two change orders that totaled \$17,350.00. Change Order No. 1 was \$5,080.00 to cover the existing cell tower equipment and protect it from shotcrete overspray. Change Order No. 2 was \$12,270.00 to replace corroded drain piping that was discovered during the construction. The project came in \$242,251.00 under the approved budget, with approximately \$95,000.00 in savings being attributed to Brady redesigning the interior and exterior stairs after the initial bids came in high.

As previously reported to the Board, a minor nuisance leakage is occurring at the base of the tank and in the floor. The American Water Works Association (AWWA) has provisions for water tightness in their standard for the construction of new concrete water tanks. The standard states that damp spots and puddles on the footing are generally to be expected and are permissible. For the floor, AWWA allows leakage up to 0.05% of the tank volume over a 24 hour period (4.7 mg tank = 2,350 gallons per day = 3.1 units per day). Observations and testing of the HP Reservoir indicate it is well within both of these requirements (less than half of the standard). District staff has explored options to minimize the leakage and concluded that the cost/benefits would be minimal. These types of leaks are not uncommon after a tank has been drained for a long period and historically the leakage decreases over time. Therefore, with the tank meeting project specifications and industry standards, District staff will continue to monitor the site and retest the tank prior to the end of the one-year warranty period to determine if further action is necessary.

ATTACHMENT: Construction Cost Estimate and Bid Summary

HP RESERVOIR CONSTRUCTION COST ESTIMATE AND BID SUMMARY

ITEM	ESTIMATE	ACTUAL BID / QUOTE	UNDER / (OVER)
Tank Rehab			
Demo existing gunite and wire, abrasive blast wall	\$150,000	\$150,000	\$0
Extend wall footing	\$310,000	\$220,215	\$89,785
Install prestressing/seismic strand and shotcrete	\$845,300	\$880,000	(\$34,700)
Floor/wall joint mastic, backer-rod/Sikaflex, floor crack epoxy	\$160,000	\$73,750	\$86,250
Abatement and Demo			
Remove floor/wall mastic patch, encapsulate lead-paint	\$7,500	\$3,500	\$4,000
Disposal of gunite and wire	\$75,000	\$55,000	\$20,000
Demo and dispose existing roof/columns and tank footing, cut and cap roof columns	\$285,000	\$295,100	(\$10,100)
Aluminum Roof	\$650,000	\$497,195	\$152,805
Miscellaneous Items			
Special inspection services	\$12,000	\$26,500	(\$14,500)
Bonds	\$53,000	\$45,792	\$7,208
Interior SS staircase / exterior galv. staircase	\$115,000	\$229,897	(\$114,897)
Exterior painting of tank	\$30,000	\$32,452	(\$2,452)
Site office and sanitary	\$8,000	\$5,263	\$2,737
Miscellaneous Items	\$0	\$10,395	(\$10,395)
Site Restoration and Yard Piping Improvements			
Replace perimeter fence 750 lf and entry gate	\$28,400	\$56,545	(\$28,145)
Remove and replace perimeter asphalt 12,000 est. sf	\$100,800	\$57,550	\$43,250
Yard piping improvements	\$170,000	\$118,595	\$51,405
Sub-Total (Construction Budget)	\$3,000,000	\$2,757,749	\$242,251
General Contractor Services	\$300,000	\$300,000	\$0
Construction Manager Services	\$190,000	\$190,000	\$0
TOTAL (CONTRACT BUDGET)	\$3,490,000	\$3,247,749	\$242,251



STAFF REPORT

Agenda Item: 9

Board Meeting Date: April 4, 2018
Prepared By: Lisa Soto
Reviewed By: Brett Hodgkiss
Approved By: Eldon Boone

SUBJECT: CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD CALL FOR BALLOTS

RECOMMENDATION: Cast the District's ballot in the San Diego County Consolidated Redevelopment Oversight Board election.

PRIOR BOARD ACTION:

2/7/18 Nominated Patrick Sanchez to the San Diego County Consolidated Redevelopment Oversight Board.

FISCAL IMPACT: None by this action. An undetermined amount for travel expenses and per diem would be incurred should Director Sanchez be elected to serve on the San Diego County Consolidated Redevelopment Oversight Board (CROB).

SUMMARY: San Diego Local Agency Formation Commission (LAFCO) is calling for ballots by mail among independent special districts to elect two special district representatives (one regular and one alternate) to serve on the San Diego County CROB. All independent special districts in San Diego County are eligible to cast one vote for the regular special district representative. Ballots must be received in the San Diego LAFCO office by Monday, April 30, 2018.

DETAILED REPORT: Should San Diego LAFCO receive a quorum of 30 ballots by the April 30 deadline, the candidate receiving the most votes will be appointed as the regular representative on the CROB. The nominee with the second highest number of votes will be appointed as the alternate. If San Diego LAFCO does not receive a quorum of ballots by the April 30 deadline, an automatic 60 day extension will be triggered. If a quorum is still not met, the Governor would be authorized to make the appointment starting July 1.

The San Diego LAFCO Special Districts Advisory Committee has formed a Nominating Committee to review all five nominees' qualifications and to make recommendation therein. San Diego LAFCO will separately transmit the recommendation of the Nominating Committee to all independent special districts by Tuesday, April 3, 2018.

ATTACHMENTS: Memorandum from San Diego LAFCO dated March 19, 2018
Ballot Form



RECEIVED

MAR 23 2018

BALLOT FORM

Chair

Jo MacKenzie, Director
Vista Irrigation District

Vice Chair

Ed Sprague, Director
Olivenhain Municipal Water

Members

Catherine Blakespear, Mayor
City of Encinitas

Bill Horn, Supervisor
County of San Diego

Dianne Jacob, Supervisor
County of San Diego

Andrew Vanderlaan
Public Member

Bill Wells, Mayor
City of El Cajon

Lorie Zapf, Councilmember
City of San Diego

Alternate Members

Lorie Bragg, Councilmember
City of Imperial Beach

Chris Cate, Councilmember
City of San Diego

Greg Cox, Supervisor
County of San Diego

Judy Hanson, Director
Leucadia Wastewater District

Harry Mathis
Public Member

Executive Officer

Keene Simonds

Counsel

Michael G. Colantuono

March 19, 2018

VISTA IRRIG. DIST.

TO: Independent Special Districts of San Diego County

FROM: Tameron R. Lockett, Executive Assistant *TR*
San Diego Local Agency Formation Commission

SUBJECT: San Diego County Consolidated Redevelopment Oversight
Board Call for Ballots – Certified Mail

This notice serves as a call for ballots pursuant to California Government Code 56332(f) with respect to electing two special district representatives – one regular and one alternate – among eligible nominees to serve on the San Diego County Consolidated Redevelopment Oversight Board. All independent special districts in San Diego County are eligible to cast one vote through their presiding officers or their alternates as designed by the governing bodies.

The Special Districts Advisory Committee has formed a Nominating Committee to review all five nominees' qualifications and to make recommendation therein. LAFCO will separately transmit the recommendations of the Nominating Committee to all independent special districts by Tuesday, April 3, 2018.

Ballots must be returned to San Diego LAFCO no later than **Monday, April 30, 2018**. Should LAFCO receive a quorum of **30** ballots by the Monday, April 30th deadline the nominee with the most votes will be appointed as the regular representative on the Consolidated Redevelopment Oversight Board. The nominee with the second most votes will be the alternate. (Attachment A)

Should LAFCO not receive a quorum of **30** ballots by the Monday, April 30th deadline an automatic 60 day extension is triggered under State law to Friday, June 29, 2018. Should a quorum of **30** still not be achieved by this extended deadline the Governor is authorized under State law to make the appointment starting July 1st.

State law specifies only the presiding officer or their alternates as designated by the governing board must take action on the ballot. Accordingly, if time constraints prevent the item getting placed on an agenda for full board discussion and action, the presiding officer or alternate should complete and return the ballot to LAFCO in order to make the election deadline. **A ballot received without a signature will not be counted.** The ballot can be emailed to Tameron.luckett@sdcounty.ca.gov.

Should you have any questions, please contact me at (858) 614-7755. Thank you.

Attachment:
Ballot Form

2018 SPECIAL DISTRICTS REGULAR AND ALTERNATE MEMBER
ELECTION BALLOT and VOTE CERTIFICATION
FOR THE REDEVELOPMENT OVERSIGHT BOARD

VOTE FOR ONLY ONE NOMINEE

- Hal Martin (Vallecitos Water District) []
Julie Nygaard (Tri-City Healthcare District) []
Bill Pommering (Padre Dam Municipal Water District) []
Patrick Sanchez (Vista Irrigation District) []
Edmund K. Sprague (Olivenhain Municipal Water District) []

I hereby certify that I cast the votes of the _____
(Name of District)

for the Consolidated Redevelopment Oversight Board Election as:

- [] the presiding officer, or
[] the duly-appointed alternate board member.

(Signature)

(Print name)

(Title)

(Date)

Return Ballot and Vote Certification Form to:
San Diego LAFCO
Tameron Lockett
9335 Hazard Way, Suite 200
San Diego, CA 92123
(858) 614-7755 (office) · (858) 614-7766 (FAX)
Email: tameron.lockett@sdcounty.ca.gov



San Diego Local Agency Formation Commission

www.sdlafco.org

RECEIVED

APR 02 2018

VISTA IRRIG. DIST.

Chairwoman

Jo MacKenzie, Director
Vista Irrigation District

March 26, 2018

Vice Chairman

Ed Sprague, Director
Olivenhain Municipal
Water District

TO: Independent Special Districts in San Diego County
FROM: Tameron Lockett, Executive Assistant
Special District Advisory Committee, Nominating Committee

Members

Catherine Blakespear, Mayor
City of Encinitas

SUBJECT: Nominating Committee Report and Recommendations | San Diego County Consolidated Redevelopment Oversight Board Appointments

Bill Horn, Supervisor
County of San Diego

Dianne Jacob, Supervisor
County of San Diego

Special districts appointments to the San Diego County Consolidated Redevelopment Oversight Board (RDA) nominations were previously solicited for: one regular and one alternate with terms expiring in July 2022. LAFCO received five nominations for the RDA Board. The nominees received are as follows:

Bill Wells, Mayor
City of El Cajon

Andrew Vanderlaan
Public Member

- Hal Martin – Vallectios Water District
- Julie Nygaard – Tri-City Healthcare District
- Bill Pommering – Padre Dam Municipal Water District
- Patrick Sanchez – Vista Irrigation District
- Edmund K. Sprague – Olivenhain Municipal Water District

Lorie Zapf, Councilmember
City of San Diego

Alternate Members

Lorie Bragg, Mayor Pro Tem
City of Imperial Beach

As required by the Selection Committee Rules, a Nominating Committee was appointed to review the nominations and prepare a list of recommended candidates. The Nominating Committee met on March 26, 2018; William Haynor (Whispering Palms Community Services District), Erin Lump (Rincon del Diablo Municipal Water District), and Mark Robak (Otay Water District). In evaluating the nominations, the Committee considered special district experience, interest, and knowledge of logical issues as part of the RDA Board. The Nominating Committee's recommendation for each category follows:

Chris Cate, Councilmember
City of San Diego

- The Nominating Committee recommended **Edmund K. Sprague** (Olivenhain Municipal Water District) as the regular member.
- The Nominating Committee recommended **Hal Martin** (Vallectios Water District) as the alternate member.

Greg Cox, Supervisor
County of San Diego

Judy Hanson, Director
Leucadia Wastewater District

Harry Mathis
Public Member

Executive Officer

Keene Simonds

Counsel

Michael G. Colantuono

Should you have any questions, please contact me at (858) 614-7755.

Tameron Lockett
Executive Assistant

cc: Special District Advisory Committee



STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Brett Hodgkiss
Approved By: Eldon Boone

SUBJECT: WATER BILL MESSAGE

RECOMMENDATION: Receive informational report on water rate adjustment bill message.

PRIOR BOARD ACTION: At its December 6, 2017 meeting, the Board directed staff to bring back the water rate adjustment bill message for review prior to the next water rate or service charge change.

FISCAL IMPACT: None.

SUMMARY: The District uses messages on water bills to communicate various types of information to its customers. Water bill message topics have included information on rebate programs and incentives, water use restrictions, water rate adjustments as well as the availability of publications on its website (e.g. annual report, Consumer Confidence Report, etc.). Different messages are included on the water bills throughout the year.

At its December 6, 2017, the Board reviewed and provided input on the water bill message notifying customers of the 2018 San Diego County Water Authority pass-through increase. The water rate adjustment message, which provides a percentage increase for a typical residential customer, was revised to better describe the characteristics of typical residential customer and read as follows: “Your next bill will reflect increases to the Water Usage Charge and the Emergency Storage Fee due to increased costs from the San Diego County Water Authority. A typical residential bill (3/4” meter and 24 units/bi-monthly billing) will increase by 1.2%. Call us or visit vidwater.org for further explanation. Rate schedule is effective 3/1/18.”

DETAILED REPORT: The District includes messages on water bills to notify customers in advance of water rate adjustments. Beginning in May, the District will begin running a water bill message informing customers of an increase to the service charge effective July 1. Below is the proposed water bill message which is largely based on the language contained in the San Diego County Water Authority pass-through increase message.

Your next bill will reflect an increase to the service charge due to higher water system operating costs, including pipeline and infrastructure replacement. A typical residential bill (3/4” meter and 24 units/bi-monthly billing) will increase by 1.25%. Please call us or visit vidwater.org for further explanation. Rate schedule is effective 7/1/18.



INTEROFFICE MEMORANDUM

DATE: April 4, 2018
TO: Eldon Boone
FROM: Marlene Kelleher
RE: Service Charge Adjustment

Per section 4.4.3 (B) of the District's Rules and Regulations, effective each July 1, the District's water rates are adjusted to reflect inflationary costs. Since 2005, the District has calculated the impact of inflation and has adjusted water rates pursuant to this section.

The impact of inflationary costs on District water rates has been calculated, and the service charge has been adjusted accordingly. The water usage charges are not changing. A typical residential customer's total water bill will increase by 1.96% as a result of the adjustment. (NOTE: A typical residential customer has a ¾" meter and uses 24 units in bi-monthly billing period.)

The changes are detailed in the table below.

MONTHLY SERVICE CHARGE

Meter Size	Current	Effective July 1, 2018
5/8"	\$28.08	\$29.45
3/4"	\$37.05	\$38.85
1"	\$54.74	\$57.40
1 1/2"	\$99.37	\$104.20
2"	\$152.71	\$160.14
3"	\$295.05	\$309.40
4"	\$455.06	\$477.20
6"	\$1,077.71	\$1,130.14
8"	\$1,433.67	\$1,503.42
10"	\$2,145.31	\$2,249.68

A message regarding the service charge increase will be on customer water bills for the billing prior to the effective date.

Vista Irrigation District
JULY 1, 2018 CPI PASS THROUGH TYPICAL CUSTOMER IMPACT

3/4" METER - CURRENT CHARGE

Tier	Usage	Rate	Charge
1	20	\$ 4.24	\$ 84.80
2	4	4.78	19.12
	24		\$ 103.92

Service Charge 74.10

IAC 6.02

Total Bi-Monthly Cost \$ 184.04

3/4" METER - NEW CHARGE

Tier	Usage	Rate	Charge
1	20	\$ 4.24	\$ 84.80
2	4	4.78	19.12
Total	24		\$ 103.92

Service Charge 77.70

IAC 6.02

Total Bi-Monthly Cost \$ 187.64

Bi-Monthly Dollar Change \$ 3.60

Percentage Change 1.96%



**PUBLIC AFFAIRS
COMMITTEE REPORT**

Agenda Item: 11

Board Meeting Date: April 4, 2018
Prepared By: Dirs. Vásquez & Sanchez

SUBJECT: SCHOLARSHIP CONTEST

RECOMMENDATION: Approve the Public Affairs Committee's recommendation to award a \$1,500 scholarship to Dylan Soto from Vista High School as the winner of the Vista Irrigation District scholarship contest. The Committee also recommends awarding \$750 scholarships to Maggie Cincotta and Bryce Thayer, both from Mission Vista High School, as runners-up in the scholarship contest.

PRIOR BOARD ACTION: At their April 19, 2017 meeting, the Board awarded a \$1,500 scholarship to Jacob Toney from Rancho Buena Vista High School as the winner of the Vista Irrigation District scholarship contest. The Board also awarded \$750 scholarships to Sawyer Post and Thomas Montero, both from Vista High School as runners-up in the scholarship contest.

FISCAL IMPACT: \$3,000.

SUMMARY: Each year, the District's invites high school seniors who live or go to school within its service area to compete for a \$1,500 scholarship. The purpose of the scholarship program is to increase student knowledge and awareness of water related issues impacting the District and its customers. Students who compete for a scholarship must complete an essay and provide a one page personal statement related to their background and/or goals; selection criteria also include community involvement or volunteer service, grade point average and letters of recommendation.

The winning scholarship award is \$1,500, and the balance (\$1,500) is available to award to a runner-up (or runners-up) at the Committee's discretion. Last year, the Committee recommended and the Board awarded a \$1,500 scholarship to the contest winner and two \$750 scholarships to the runner-ups.

DETAILED REPORT: In December 2017, application packets for the scholarship contest were provided to counselors of high schools within the District's jurisdictional boundaries. Follow-up calls were made to counselors to make sure the application materials were received and inquire as to students' interest in the program. Additional scholarship promotional efforts included: placing information about the scholarship in Rancho Buena Vista High School's monthly scholarship bulletin, issuing a news release, and announcing the program on the District's on-hold telephone message and website. Application materials were also made available on the District's website. The District received six (6) completed application packages by the February 23, 2018 deadline.

Public Affairs Committee members Sanchez and Vásquez were the competition judges. The Committee reviewed the applications and recommends Dylan Soto from Vista High School as the winner of the Vista Irrigation District scholarship contest. The Committee also recommends awarding \$750 scholarships to Maggie Cincotta and Bryce Thayer, both from Mission Vista High School, as runners-up in the scholarship contest.

If the Committee's recommendation is approved by the Board, a certificate for \$1,500 will be presented to the winner and certificates for \$750 will be presented to the runners-up at the April 18, 2018 Board meeting. Once each student has enrolled at a university, District staff will forward a check for \$1,500 (or \$750) to each university on behalf of the student(s).

ATTACHMENTS:

1. Scholarship Application Instructions/Requirements
2. Scholarship Applications



SCHOLARSHIP APPLICATION PACKAGE

The Vista Irrigation District (VID) invites local high school seniors to compete for a scholarship of \$1,500 from VID. A winner will be chosen based on the quality of essay prepared by the applicant, as well as academic and service qualifications. Applications will not be accepted if all criteria are not met, including correct formatting. **Applicants must submit the following documents by February 23, 2018:**

1. Completed application form.
2. High School transcript and continuing education registration information.
3. School/Community involvement:
 - a. One letter of recommendation from a high school faculty member.
 - b. One letter of character reference from a personal or professional associate.
4. A personal statement (**two pages or less, Arial font, 12 point type, with 1 inch margins top, bottom, left and right, and line spacing set to 1½**). Suggested topics include the student's reasons for applying for the scholarship or seeking a higher education, the student's educational/career goals, personal background or interests.
5. An essay (**two pages, Arial font, 12 point type, with 1 inch margins top, bottom, left and right, and line spacing set to 1½**) addressing the following topic/question:

Recent droughts have impacted the way California residents think about water as well as how they use it. Explain why using water efficiently at all times, not just during a drought, is important to you and your community.

The essay will be judged on originality and demonstrated understanding of the question.

Students may obtain an application package from their Scholarship Counselor or from VID by contacting Alisa Nichols at (760) 597-3173. The application package and related materials are also available on the district's website (www.vidwater.org) in the Publications section.

A completed application package must be submitted to the Vista Irrigation District, 1391 Engineer Street, Vista, CA 92081-8840, **by 4:00 PM on Friday, February 23, 2018.**

VID will review qualified applications and select a winner who will receive a \$1,500 scholarship from the district. Once enrolled at a college, university or vocational school, VID will send a check directly to the school on scholarship recipient's behalf.

Scholarship applications were provided to the Public Affairs Committee under separate cover.



**PUBLIC AFFAIRS
COMMITTEE REPORT**

Agenda Item: 12

Board Meeting Date: April 4, 2018
Prepared By: Dirs. Vásquez & Sanchez

SUBJECT: 2017 ANNUAL REPORT

RECOMMENDATION: Approve the 2017 Annual Report.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: Design and layout of the annual report is performed in-house by District staff. No outside printing costs are anticipated for the 2017 Annual Report. The document will be available for viewing on the District's website.

SUMMARY: Each year the District prepares an annual report that includes its financial statements, demographic data and articles about various water related topics, such as water efficiency, infrastructure improvements and water supply. The annual report is posted on the District's website and printed upon request.

DETAILED REPORT: On November 9, 2017, the Public Affairs Committee met and provided input on information to be contained in the 2017 Annual Report. The layout and design process of the annual report was completed in early March, and the Committee reviewed and approved a draft of the 2017 Annual Report on March 20, 2018. The 2017 Annual Report is now ready for the full Board's review and approval.

ATTACHMENT: Draft 2017 Annual Report

VID VISTA IRRIGATION DISTRICT



2017

ANNUAL REPORT



Cover photos

Clockwise from top: District crews replacing a water main; HP Reservoir; Vista Flume Relocation Project; Pechstein Reservoir; faucet and water glass; Colorado River

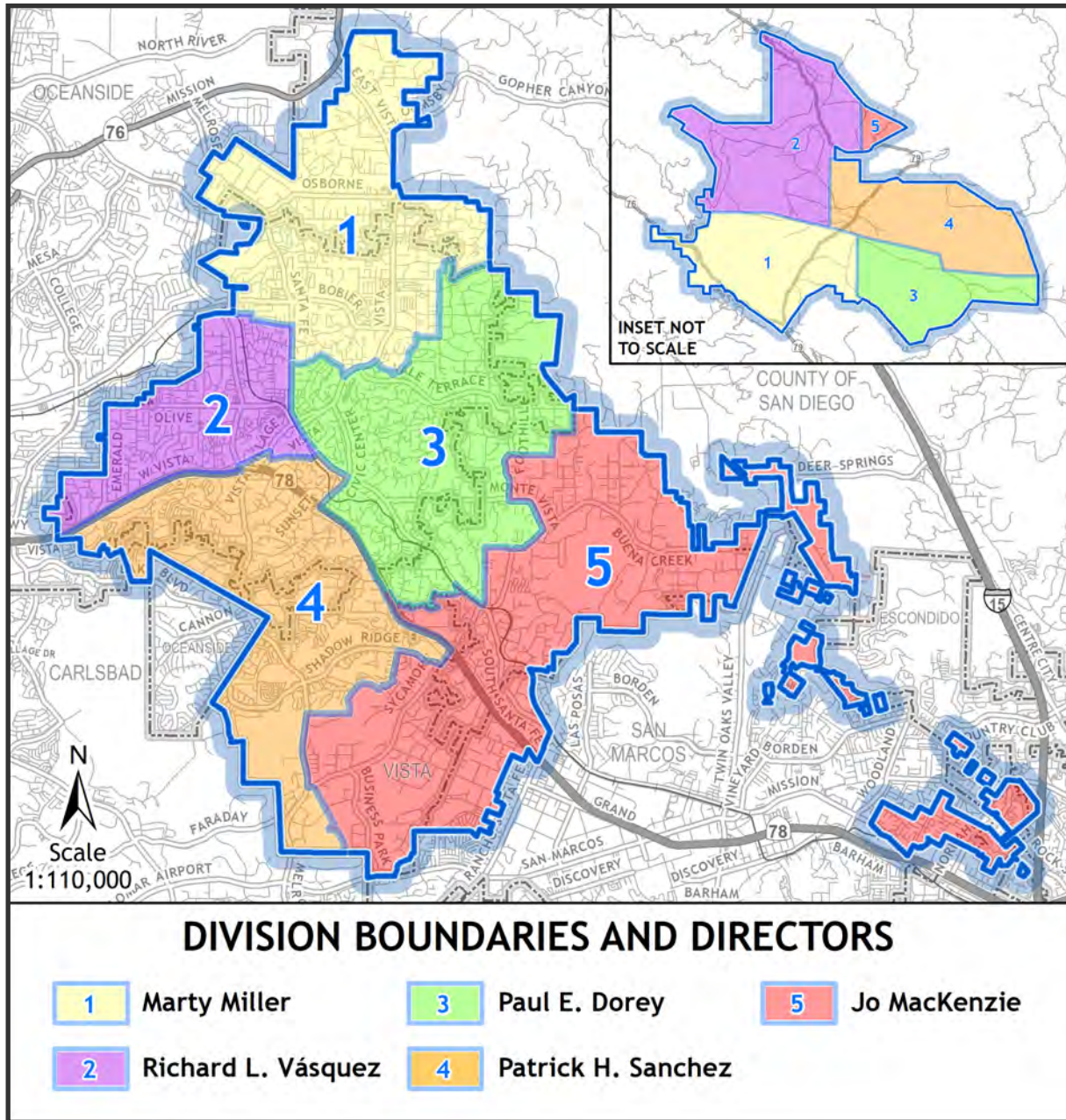
Center photo: Drinking tap water



2017 Annual Report Table of Contents

Division Boundary Map	2
Board of Directors	3
Message from the Board President	4
Message from the General Manager	5
San Diego County Water Authority Report	6
Pipeline Replacements and Upgrades Ensure Reliable Service	8
District Receives National and Statewide Awards for Good Governance, Transparency & Financial Reporting	9
Water Supply Facts	10
Employee Service Awards	12
District Demographics	13
District Financials	21
Management's Discussions and Analysis	22
Financial Statements	26
Notes To Financial Statements	31
Required Supplementary Information	49

Division Boundary Map



Vista Irrigation District serves more than 133,000 people through approximately 28,600 residential and business connections in Vista and portions of Escondido, Oceanside, San Marcos and unincorporated areas of San Diego County.

Vista Irrigation District

Board of Directors

Marty Miller
Division 1



Richard L. Vásquez
Division 2



Paul E. Dorey
Division 3



Patrick H. Sanchez
Division 4



Jo MacKenzie
Division 5



Board meetings are generally held on the first and third Wednesday of each month. Standing committees meet on an as needed basis. Meetings are held at the District office. Meetings are open to the public, and agendas are posted the Friday prior to the scheduled meeting. For further information about a meeting, or to request a copy of an agenda or staff report, please contact the Board Secretary at (760) 597-3128.



*Marty Miller, 2017 Board President
Director, Division 1*

A Message from the Board President

Vista Irrigation District experienced many noteworthy achievements in 2017, particularly the finalization of a settlement agreement resolving a decades-long dispute over rights to the waters of the San Luis Rey River. Major capital improvement projects, such as rehabilitating HP Reservoir and relocating a portion of the Vista Flume were also completed, enhancing the District's service reliability. The District also worked proactively with local school districts to complete lead testing at schools located within its service area.

On May 17, 2017, a historic settlement agreement ended a decades-old water rights dispute between the federal government, five Indian Bands, City of Escondido and Vista Irrigation District. The settlement agreement preserves and protects the District's local water rights by maintaining the integrity of the local water system, including Lake Henshaw, and ensuring that the District continues to receive local water. The District is gratified to know that it has secured a local water source for generations of customers to come.

Water service reliability was improved thanks to the rehabilitation of the HP Reservoir and the replacement of aging pipelines. HP Reservoir, which is instrumental in providing operational, emergency and fire flow storage as well as pressure regulation in the District's water system, underwent repairs to improve its structural integrity. Additionally, a 4,000 foot section of the nearly 100 year old above-ground, concrete Vista Flume was relocated and upgraded to a new underground pipeline. District crews also replaced over 11,200 feet of older pipeline in the District's water distribution system.

The District strives to contain its costs through prudent financial planning and to minimize service disruptions to its customers by maintaining and replacing critical infrastructure. Additionally, District staff is committed to providing safe, reliable and economical water, just as the District has done for the better part of a century. We are always looking for ways to improve our service so we encourage you to contact the District with ideas and recommendations as to how we can better serve you. And, as always, the District thanks its customers for taking the time to send feedback as well as kudos for a job well done.

"The District strives to minimize service disruptions to its customers, and District staff is committed to providing safe, reliable and economical water..."

~ M. Miller



Eldon Boone
General Manager

A Message from the General Manager

Vista Irrigation District has continuously provided water service to its customers since 1923. We are proud of our long history and our achievements. As we look into the future, we realize that we need to build on those successes and continue to strive to provide excellent service to our customers.

Providing an adequate, reliable, high quality and affordable water supply can be a challenge; three years of drought conditions, coupled with restrictions in water supply deliveries from northern California due to environmental concerns, have tested our ability to manage our water supply portfolio. Prudent and innovative planning, along with a financial master plan that has continued to fund capital improvements projects, have positioned Vista Irrigation District as a leader in water resource management in the region. The governing Board of Directors and our team of qualified staff work diligently to control costs and have the foresight and understanding to make the necessary investments today to ensure a safe and reliable water supply tomorrow.

“Our highest priority is our commitment to our customers. Our loyal and dedicated employees provide excellent service each and every day.”

~ Eldon Boone

Our highest priority is our commitment to our customers. Our loyal and dedicated employees provide excellent service each and every day. When you turn on the tap, the water is there, yet it can easily be taken for granted. Unknown to many is the process for obtaining the water supply, ensuring the water reaching your tap meets or exceeds the numerous water quality standards and moving it through a complex pipeline system to thousands of homes and businesses. It is a duty that we take very seriously.

Ultimately, it is your support that determines our success, because without it we could not do what is necessary for the future. We look forward to working with our customers to continue to improve the vital services that we provide each and every day.

San Diego County Water Authority Report

Emergency and Carryover Storage Project Wins Prestigious Award

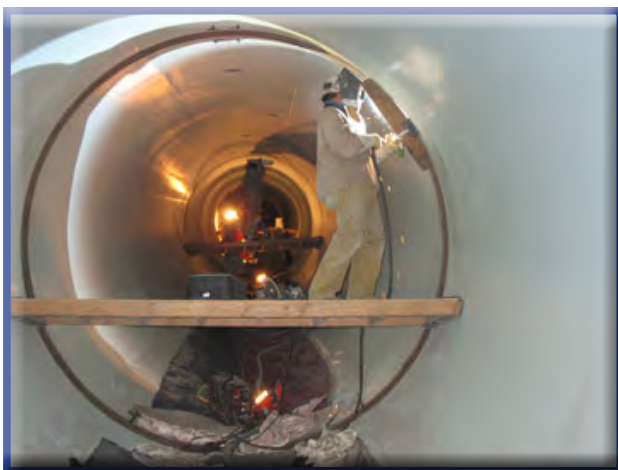
The San Diego County Water Authority is the region's wholesale water provider and is responsible for the construction and maintenance of regional water storage and delivery and treatment infrastructure providing water to 24 member agencies, including Vista Irrigation District. One of the most important components to the Water Authority's water supply strategy is the Emergency and Carryover Storage Project (ESP), a \$1.5 billion system of dams, reservoirs, pump stations, pipelines and tunnels, to help protect the region from extended dry periods or emergencies that could disrupt imported water deliveries. The Water Authority started work on the various projects that make up the ESP in 1992 and completed the last project in 2014. The Water Authority reports the ESP ensures up to six months of water supplies are available for regional distribution after an emergency, such as an earthquake damaging the large-scale pipelines delivering imported water into the region.

The ESP earned the Water Authority the prestigious 2017 Outstanding Civil Engineering Achievement Award from the American Society of Civil Engineers, which annually recognizes exemplary civil engineering projects that best represent significant contributions to progress and society. The major components of the ESP are:

- The Olivenhain Dam and Reservoir, Pipeline and Pump Station were the first ESP components to be completed and added 24,000 acre-feet of emergency water storage. (An acre-foot is approximately 325,900 gallons, enough to supply two single-family households of four for a year.) The 318-foot-tall Olivenhain Dam, completed in 2003, was the first roller compacted concrete dam built in California and is designed to withstand a 7.25 earthquake.



*Pictured: Olivenhain Dam and Reservoir
Photo credit: San Diego County Water Authority*



- Between 2007 and 2012, the Lake Hodges Pipeline and Pump Station were completed and now provide regional access to 20,000 acre-feet of emergency water in Lake Hodges. The pipeline connected Olivenhain Reservoir to Lake Hodges and the pump station can generate up to 40 megawatts of energy on demand, helping to manage temporary peak electrical demands or unplanned outages. The facilities also create revenue and help offset operating costs.

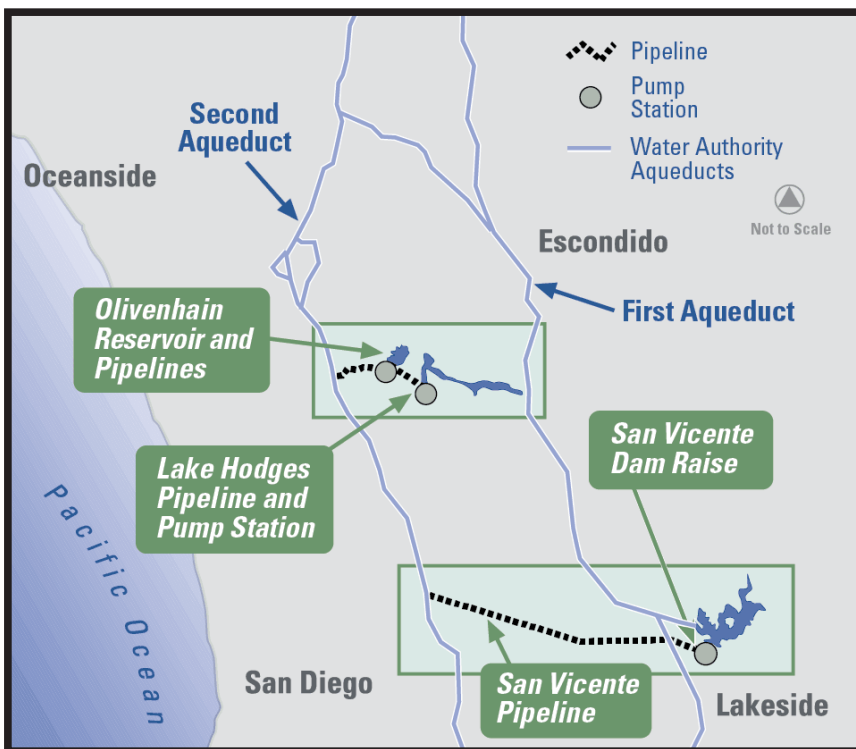
*Pictured: Work being performed on the Lake Hodges Pipeline
Photo credit: San Diego County Water Authority*

- The San Vicente Pump Station and Pipeline were completed in 2010 and 2011, respectively. The 11-mile, 12-foot-diameter tunnel and 8.5-foot-diameter pipeline coupled with the pump station allows water to be moved between the San Vicente Reservoir and the Water Authority's Second Aqueduct. These facilities improve the Water Authority's ability to move large quantities of water into storage in San Vicente Reservoir during periods when water is abundant.
- San Vicente Dam Raise, completed in 2014, was the tallest dam raise (117 feet) in the nation and created the greatest single increase of water storage capacity in San Diego history. The total storage capacity of the reservoir went from 90,000 acre-feet to 157,000 acre-feet, a nearly seventy-five percent (75%) increase.



*Pictured: San Vicente Dam and Reservoir
Photo credit: San Diego County Water Authority*

The ESP created over 200,000 acre feet of additional emergency water storage at the Olivenhain, San Vicente, and Hodges reservoirs. Pipelines connect these reservoirs to the Water Authority's regional distribution system, so water can continue to flow throughout the region, even if imported water supplies are disrupted.



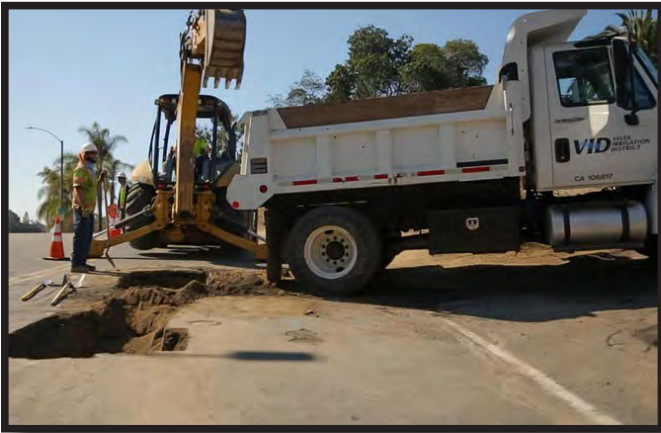
Pictured: A map of the pipelines, pump stations and reservoirs that make up the Emergency & Carryover Storage Project in San Diego county.

Map courtesy of San Diego County Water Authority

According to the Water Authority, the development of alternative water supplies, like desalinated seawater, and major infrastructure investments, such as the ESP, over the last three decades is part of the overall long-term, regional strategy to withstand droughts or other water supply challenges caused by natural disasters and/or other emergencies. These developments have greatly improved the region's water supply reliability; however, the need to continue using our water resources efficiently at all times remains an important tool to ensuring San Diego County has sufficient water supply for current and future generations.

Pipeline Replacements and Upgrades Ensure Reliable Service

The mission of Vista Irrigation District is to responsibly manage resources to meet the present and future water needs of the District's service area by providing a reliable supply of high quality water. For over ninety years, the District has accomplished this goal by maximizing the life of District infrastructure and implementing programs aimed at preventing main breaks, and more importantly, service outages. The District's Main Replacement Program is one such program.

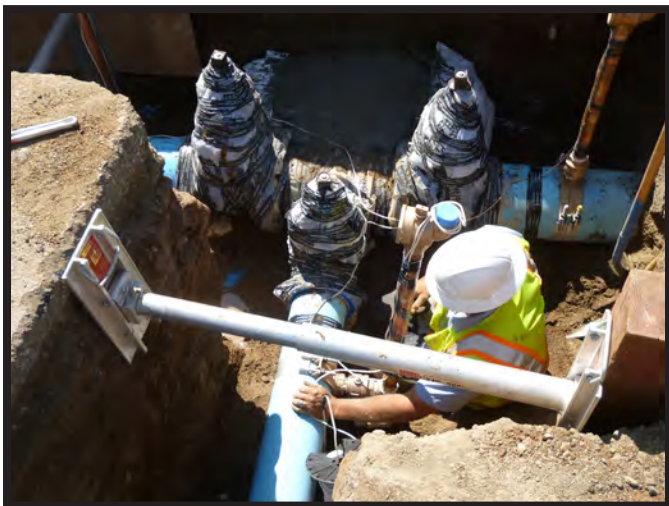
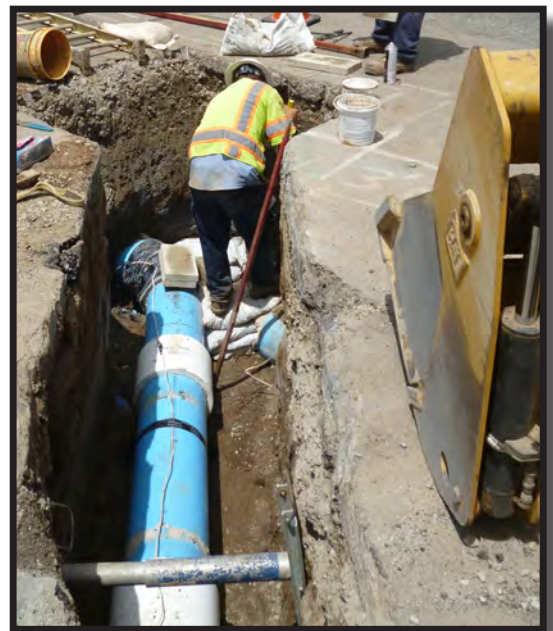


The District's Main Replacement Program was initiated by the Board of Directors in 1995 with the aim of replacing aging pipelines before they reach the end of their useful life and become a maintenance liability. Replacement of aging infrastructure has always been a high priority for the District and formalizing the Mainline Replacement Program has allowed pipe replacements to be prioritized based on a variety of factors, including age of line, pipe material, leak history, and input from District crews who are continually evaluating every line's condition.

Pictured Left: District crews installing new pipeline at Mar Vista Drive and Thibido Road as part of the Mainline Replacement Program.

Since its inception, the Board has allocated \$24.2 million to this program which has allowed the replacement of 30 miles of older pipe ranging in size from 4 to 20 inches. This year over 11,200 feet of pipeline was installed or replaced (that's over 2 miles) throughout our service area, including the replacement of 4,200 feet of 6" steel water main at Lobelia Drive and Primrose Avenue. The Board approved another \$4.5 million for this program as part of the budget for fiscal year 2018.

The District's continued investments in the Main Replacement Program as well as system upgrades and other infrastructure improvements help the District meet its goal of providing a reliable and high quality water supply to its customers.



Pictured Left & Above: District crews installing new pipeline at Lobelia Drive and Primrose Avenue as part of the Mainline Replacement Program.

District Receives National and Statewide Awards For Good Governance, Transparency and Financial Reporting

Public agencies at all levels are challenged with practicing responsible fiscal management and good governance in an increasingly regulated environment. Local agencies, like Vista Irrigation District, are also encouraged to be more transparent and share vital information about the agency with their customers and/or constituents. Vista Irrigation District has been successful on all fronts, receiving statewide and national recognition for its efforts.

Districts of Distinction Award and Transparency Certificate of Excellence



Vista Irrigation District received two statewide honors in 2017. The District of Distinction recognition is awarded by the Special District Leadership Foundation to special districts that show their commitment to good governance, transparency, prudent fiscal policies and sound operating practices. Vista Irrigation District originally obtained its accreditation in 2009 and received its most recent reaccreditation in September 2017. Vista Irrigation District is one of only thirty-three (33) Districts of Distinction statewide.

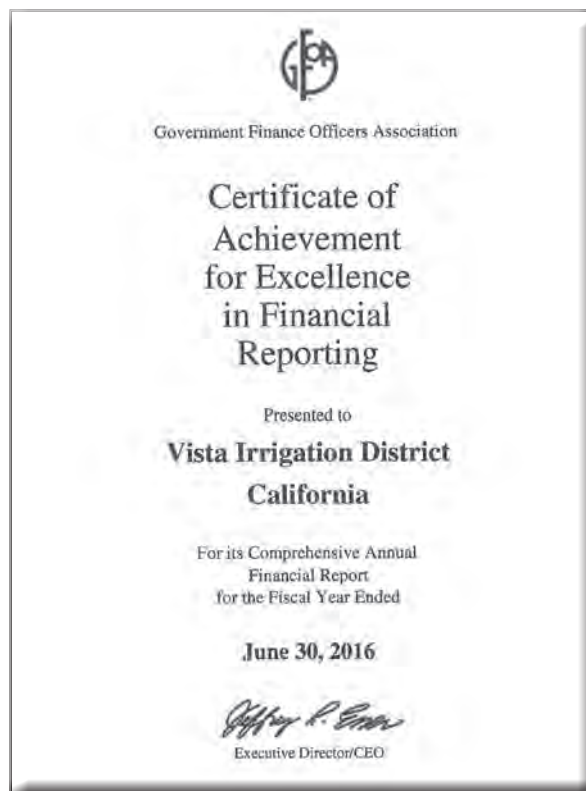
The Special District Leadership Foundation also presented Vista Irrigation District the Transparency Certificate of Excellence in recognition of its efforts to promote transparency in operations and governance to the public. There are one hundred fifteen (115) special districts in the state that have received this certificate.

Both the District of Distinction and Transparency Certificate of Excellence awards require the District to meet numerous criteria, including training elected officials and staff, adopting financial policies, properly conducting and communicating open and public meetings, performing outreach efforts to constituents, and meeting nineteen different website requirements.

Vista Irrigation District has been and will continue to be committed to practicing good governance, transparency and sound financial management on behalf of its customers and is proud to be recognized on national and statewide levels for its achievements.

Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Vista Irrigation District for its comprehensive annual financial report (CAFR) for the tenth consecutive year. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management team. This certificate is the only national award for public sector financial reporting and demonstrates Vista Irrigation District's commitment to excellence in financial reporting and transparency.



WATER SUPPLY FACTS

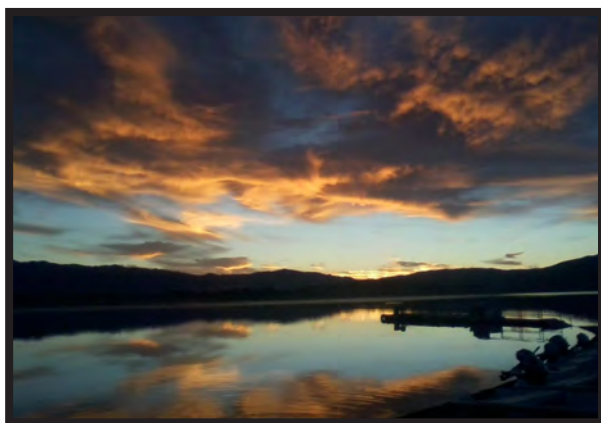
WATER SOURCES

Vista Irrigation District's original source of water, dating back to 1926, was from Lake Henshaw. The lake was later purchased by the District, along with the 43,000 acre Warner Ranch, in 1946. However, drought conditions and population growth eventually caused the District to look for other sources of water. In 1954, the District became a member of the San Diego County Water Authority to take advantage of water imported from the Colorado River and Northern California.



Imported Water Source: Colorado River
Photo credit: The American Surveyor

Typically, 30 percent of the District's water has come from Lake Henshaw and 70 percent has come from purchased water sources, including the Colorado River, desalinated sea water and the Sacramento River/San Joaquin River Delta in Northern California. In fiscal year 2017, just five percent of the District's water came from Lake Henshaw. A lack of surface water run-off into Lake Henshaw in spring 2016 coupled with the Vista Flume, the channel used to deliver water from Lake Henshaw to the District's distribution system, being offline for necessary repairs and upgrades for a portion of 2017 caused the District to rely more on purchased water than typical.



Local Water Source: Lake Henshaw
Photo credit: J.Mendenhall

WATER QUALITY

Vista Irrigation District takes all steps necessary to safeguard its water supply. Each year staff conducts more than 12,000 tests for over 75 drinking water contaminants, ensuring that the District's water meets safe drinking water standards. Last year, the District's water met or exceeded all Federal and State safe drinking water standards.

In July of each year, the District makes available its Consumer Confidence Report, also known as the Water Quality Report. The report provides a snapshot of the quality of water provided during the past year. Included are details about what is in your water and how it compares to prescribed standards. It also provides answers to commonly asked questions, such as "what affects the taste of my water?"

The District is committed to providing its customers with information about drinking water because informed customers are the District's best customers. If customers have questions or concerns about water quality, they may contact the District and speak with the water distribution supervisor.



2016 WATER QUALITY MONITORING RESULTS									
Treatment Plant Effluents									
Parameter	Units	Federal or State (MCL, MRDL)	PHG (MCLG, MRDLG)	Range Average	Escondido-Vista Water Treatment Plant	Skinner, Twin Oaks Valley, & Vista Water Treatment Plants Combined Effluents	Carlsbad Desalination Plant	DLR	Typical Source Comment
Inorganic Constituents - Primary Standards									
Fluoride (F-)	mg/L	2	1	Range: 0.87 - 0.82 Average: 0.75	0.5 - 0.9	0 - 1.45	0.1	0.1	Erosion of natural water additive for disinfection
Inorganic Constituents - Secondary Standards (Aesthetic Standards)									
Aluminum (Al)	ug/L	200	ND	Range: NR Average: NR	ND - 370	ND	ND	50	Residue from water process; natural die erosion
Color	units	15	0.5	Range: 1 - 1 Average: 1	ND - 2	ND	ND	ND	Decaying vegetation naturally occurring

Excerpts from the 2017 Consumer Confidence Report (CCR). The 2018 CCR will be available July 1, 2018.

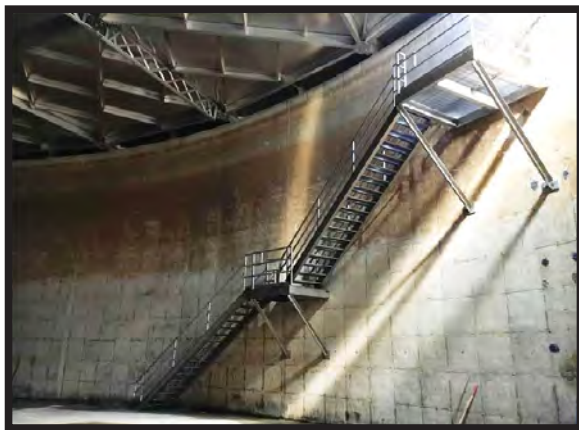
WATER SUPPLY FACTS

WATER INFRASTRUCTURE

In fiscal year 2017, HP Reservoir, a five million gallon (MG), pre-stressed concrete tank located in the eastern part of the District's water system, underwent repairs and necessary upgrades to meet current structural and seismic codes. Rehabilitation efforts included new pre-stressing wires, seismic cabling, exterior shotcrete, a new aluminum roof, influent and effluent piping and staircase. Changes made to the overflow piping also increased the reservoir's storage capacity by 225,000 gallons. The HP reservoir is instrumental in providing operational, emergency and fire flow storage as well as pressure regulation in Vista Irrigation District's water system.



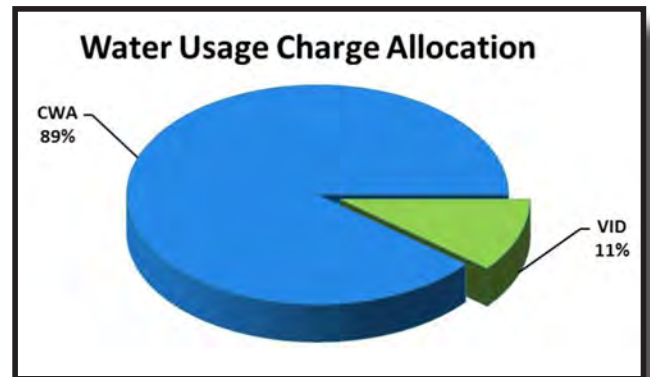
*Pictured HP Reservoir Rehabilitation Project
Top: New Roof Installation; Bottom: New Interior Staircase*



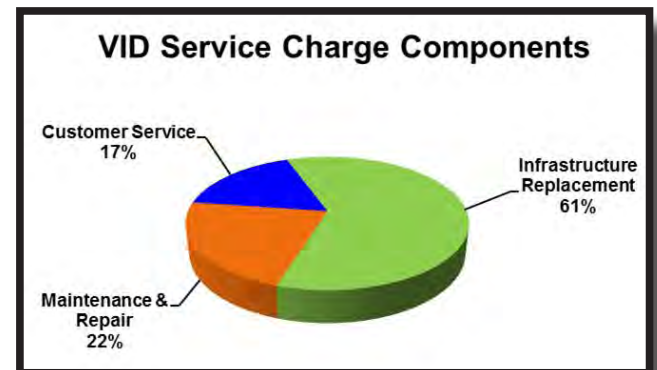
The District also completed the Vista Flume Relocation Project in 2017. A 4,000 foot above-ground, concrete section of the nearly 100 year old Vista Flume was upgraded to a new underground, joint-less pipe. Relocating the Vista Flume was a tremendous upgrade for the District. Additionally, over two miles of pipeline was installed or replaced through the District's Mainline Replacement Program in fiscal year 2017.

WATER RATES AND CHARGES

Approximately 11% of the revenue generated by water usage charges is utilized by Vista Irrigation District to cover operating and maintenance expenses. The remaining 89% is used to pay the San Diego County Water Authority (Water Authority) for water purchases.



The Water Authority is responsible for supplying water to 24 member agencies within San Diego County. Not simply a water provider, the Water Authority is also responsible for the construction and maintenance of regional storage, delivery and treatment infrastructure necessary to ensure the reliable delivery of water to local water agencies like Vista Irrigation District.



Vista Irrigation District's service charge helps pay the District's fixed costs, which exist regardless of the amount of water pumped and delivered. Fixed costs continue without regard to the amount of water that a customer uses, and are sometimes called "readiness-to-serve" charges because they are incurred as part of keeping the water system ready to deliver water to any customer at a moment's notice. The largest component of the service charge recovers the cost of replacing the District's aging water system infrastructure.



For more information about Vista Irrigation District's water supply as well as an electronic copy of the latest Consumer Confidence Report visit the District's website, www.vidwater.org. Additionally, you can find out more information about District services, rates, water conservation, and recent announcements. Customers can also download publications, such as the District's direct payment program application and engineering standard specifications and drawings.



Service Awards

Annually the Board of Directors recognizes employees who have reached major milestones in their careers with the District. Longevity is a hallmark of Vista Irrigation District and this year was no exception. The employees pictured below received service awards commemorating their dedicated service with the District.

30 Years

Kurt Casto



25 Years

Donald Gordon



Jose Ramirez



20 Years

Rick Reyna



10 Years

Joel Gullingsrud



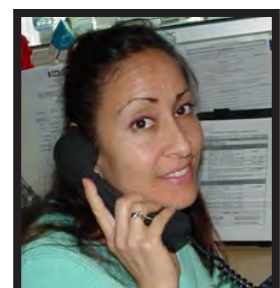
Judy Miller



Sherry Thorpe



Allie Valladares

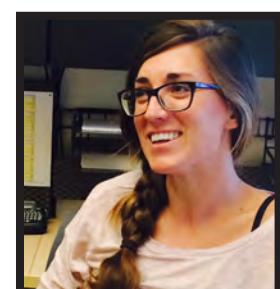


5 Years

Steve Wuerth



Jessica Sherwood





District Demographics

DISTRICT DEMOGRAPHICS

Distribution System

This table shows the District's treated water storage capacity by reservoir. The elevation numbers represent each reservoirs height above mean sea level.

RESERVOIR	SIZE AND TYPE	EXISTING CAPACITY	FLOOR ELEVATIONS	TOP WATER ELEVATIONS
		(Million Gallons)	(Feet)	(Feet)
Lupine Hills	Prestressed Concrete – 137' Dia. – 31' High	3.4	537.0	568.0
Pechstein	Prestressed Concrete – 355' Dia. - 27' High	20.0	810.0	837.0
Deodar	Prestressed Concrete - 86' Dia. - 30' High	1.3	869.0	899.0
San Luis Rey	Concrete - 156' x 136' x 25' High	3.1	540.0	565.0
Virginia Pl. (A)	Concrete - 100' Dia. - 13' High	0.8	695.0	708.0
Summit Trail (C)	Concrete - 100' Dia. - 13' High	0.8	625.0	638.0
Edgehill (E)	Concrete - 96' Dia. - 12' High	1.5	741.0	753.0
Cabrillo Cir. (E-1)	Concrete - 90' Dia. - 13' High	0.6	546.0	559.0
Rockhill (MD)	Concrete - 55' Dia. - 10' High	0.2	886.0	896.0
Edgehill (HP)	Prestressed Concrete – 160' Dia. – 32' High	4.7	943.0	975.0
Buena Creek (HB)	Prestressed Concrete – 160' Dia. – 30' High	4.5	951.0	981.0
Elevado (H)	Prestressed Concrete – 160' Dia. – 36' High	5.4	774.0	810.0
Total		46.3		

Water Transmission Facilities

Escondido Canal and Intake	Carrying Capacity: 70 CFS	VID rights = 2/3rds
Vista Main Canal (Flume)	Carrying Capacity: 44 CFS	Twelve miles of conduit from the Escondido-Vista Water Treatment Plant to Pechstein Reservoir

Water Meters

This table shows the total number of meters in service by the use type.

Residential (Single and Multi-Family)	24,209
Commercial/Industrial	1,582
Irrigation	928
Agricultural	572
Fire Service (Fire Sprinklers)	1,240
Governmental	91
Total	28,622

VID Pipelines

This table shows miles of pipeline in the District's distribution system by size and material type.

8" to 36" Concrete Gravity	8 miles
4" to 12" AC	262 miles
14" to 36" AC	17 miles
4" to 12" PVC	87 miles
14" to 18" PVC	2 miles
4" to 12" Steel	66 miles
14" to 42" Steel	26 miles
All other materials larger than 4"	5 miles
Total	473 miles

Water Equivalents

- 1 Acre Foot equals 325,900 gallons
- 1 Acre Foot equals 43,560 cubic feet
- 1 Cubic Foot equals 7.48 gallons
- 1 Cubic Foot per Second (CFS) equals 449 gallons per minute and in 24 hours equals 1.983-acre feet

DISTRICT DEMOGRAPHICS

Performance of Distribution Systems

(Fiscal Year 2016–2017)

This table shows water delivered to the District (from purchased and local sources) versus how much was delivered to customers. Losses encompass water that was delivered to the District but not sold to customers. Water losses can be attributable to a number of factors, including pipeline leaks and breaks, theft, hit fire hydrants and fire suppression activities.

	Acre Feet	
	Water In	Water Out
Received at Intake of Main Conduit (Henshaw Water)	858	
Received from San Diego Aqueduct (Purchased)	16,332	
Metered to VID users		15,496
Losses		1,694
Total	17,190	17,190

Lake Henshaw Performance

This table presents an annual accounting of various sources of inflows, such as run-off and pumped water from the Warner Basin aquifer, and outflows of water from the lake.

	Acre Feet
Total Storage July 1, 2016	4,402
Less Release	(4,807)
Less Evaporation	(5,347)
Less Spill	0
Plus Pumped Water	3,993
Plus Runoff*	13,362
Total Storage July 1, 2017	11,603

* Computed Runoff plus Rainfall, Conserved Evaporation, and Bank Storage.

Lake Henshaw Properties

Warner Ranch:

43,402 acres (68 square miles)

Groundwater Development:

16 active production wells and 91,000 feet of conduit

Semi-Hydraulic Earth Fill Dam:

Height 110 feet, Length 1,950 feet

Reservoir (Lake Henshaw):

51,774 acre feet capacity;

2,219 acres in area, 203 square mile watershed

Ownership of Lake Henshaw Waters

The San Luis Rey Indian Water Rights Settlement Agreement and other related agreements became effective May 17, 2017. These agreements terminated all other historical agreements relating to the waters of the San Luis Rey River, Lake Henshaw and the Warner Wellfield among the Settlement Parties (Vista Irrigation District, City of Escondido and the Indian Bands). Beginning on June 1, 2017 the terms of the settlement agreement took effect and the figures shown in the table below for July 1, 2017 reflect the new contractual arrangements between the Settlement Parties.

Information gathered from Ownership Analysis Report.

	Acre Feet	
	July 1, 2016	July 1, 2017
Rincon Indians	6	1,206
Escondido Replacement	0	N/A
Vista Replacement	0	N/A
Escondido Pumped	0	N/A
Escondido Contract	593	N/A
Vista Contract	3,888	N/A
Vista Pumped	0	N/A
Unallocated Henshaw Surplus	(85)	10,397
Total	4,402	11,603

Lake Henshaw Releases

(Fiscal Year 2016-2017)

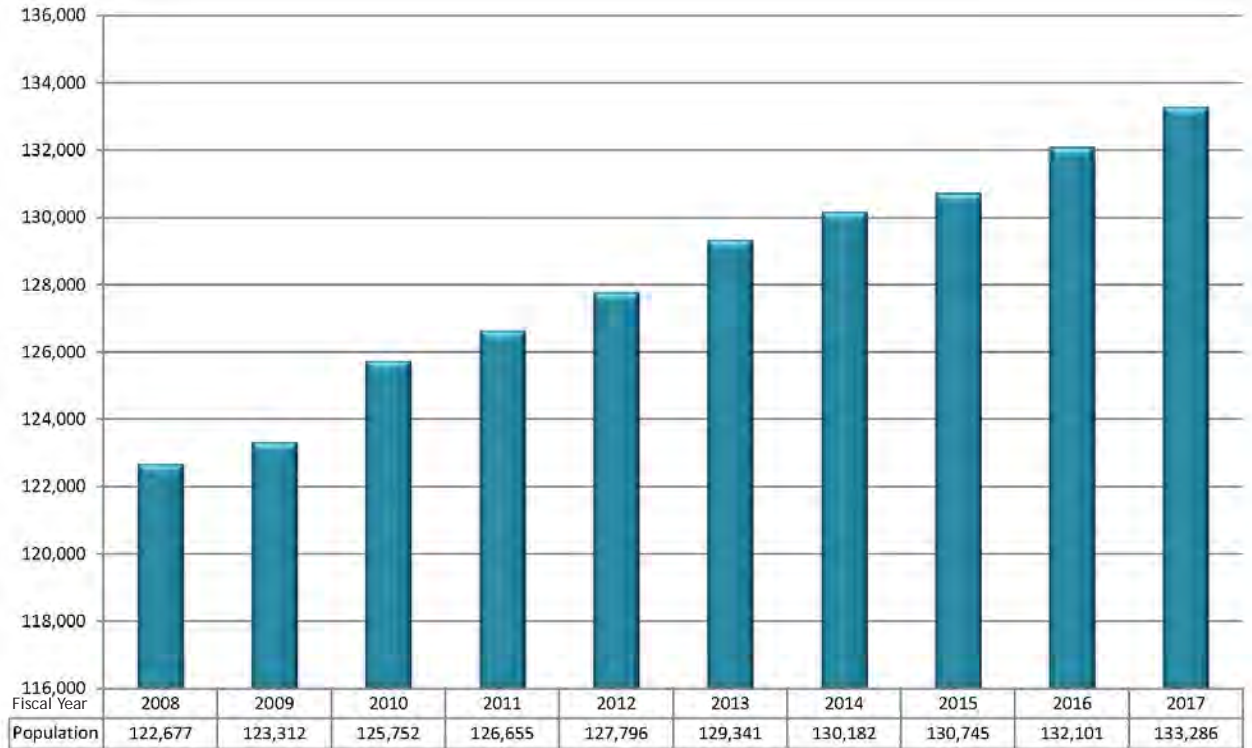
This table accounts for the fate of water released from the lake in terms of contract deliveries and losses. The contracts with the Rincon Band of Mission Indians and the City of Escondido (formerly the Escondido Mutual Water Company), who had senior water rights on the San Luis Rey River, were entered into in 1923 when the Henshaw Dam was built and diverted flow on the river. Deliveries of Escondido "A", In Lieu "A", Escondido "B" and In Lieu "B" waters shown to the right were all prior to the terms of the San Luis Rey Indian Water Rights Settlement Agreement which became effective May 17, 2017; these classes of water cease to exist after the effective date of the Settlement Agreement.

	Acre Feet	
	2015-16	2016-17
Losses in San Luis Rey River	249	222
Delivered to Rincon Indians	0	0
Escondido "A" Water*	0	93
In Lieu "A" Water*	107	0
Escondido "B" Water*	1,183	500
In Lieu "B" Water, Esc. Joint Well Water*	522	0
To Escondido Under New Agreement	N/A	2,395
To VID Under New Agreement	N/A	0
Replacement Water to Lake Wohlford	1,582	858
Loss of Release below Intake	70	739
Total Releases	3,713	4,807

DISTRICT DEMOGRAPHICS

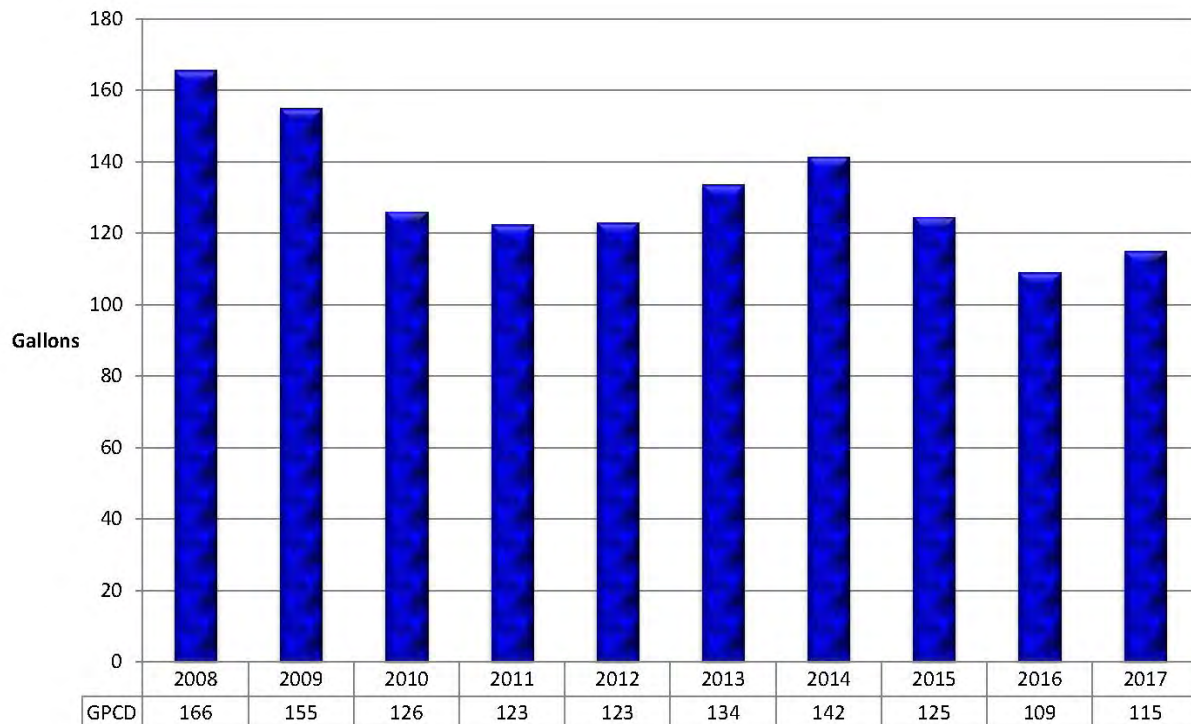
Population

The graph depicts population growth within the District's service area, which is comprised of the city of Vista as well as portions of San Marcos, Escondido, Oceanside and unincorporated areas of the county. Source: San Diego Association of Governments.



Average Daily Water Use Per Person

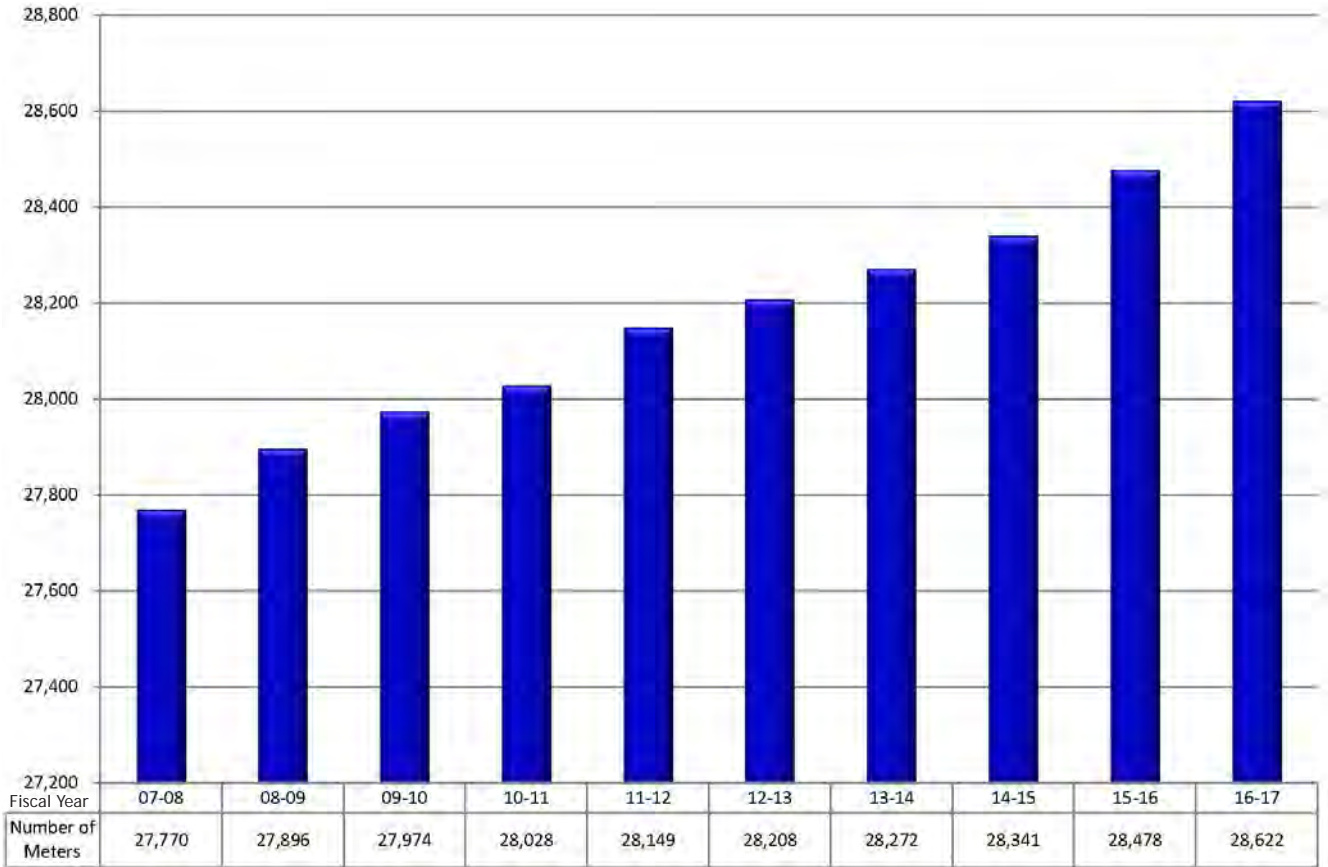
SBX 7-7 requires retail water agencies to achieve a 10% reduction in per capita water use by 2015 and 20% reduction in per capita water use by December 31, 2020 (referred to as "20 X 2020"). The District's 2020 target is 142 GPCD. The District's estimated daily per capita water use in 2017 was 115 gallons per capita per day (GPCD), which is 27 GPCD less than its 2020 target.



DISTRICT DEMOGRAPHICS

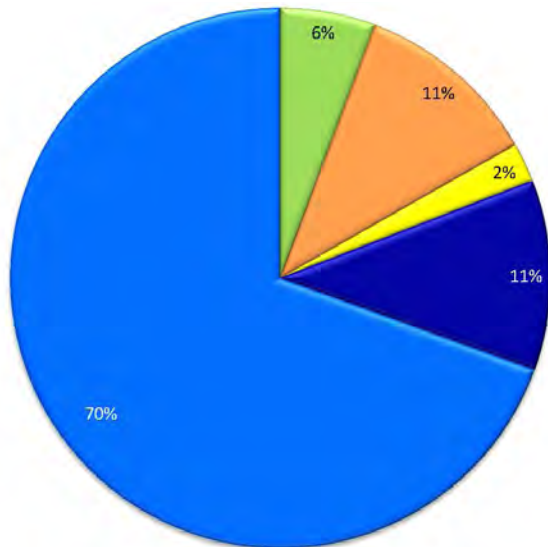
Meters in Use

This graph shows the increase in the number of meters in use over a ten year period.



Water Delivered by Use Type

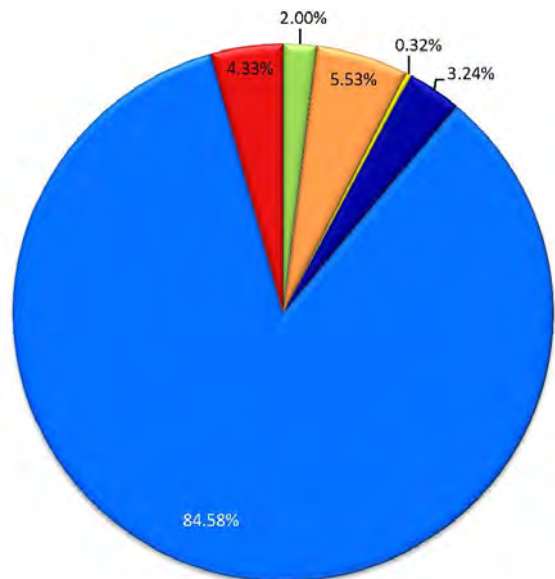
This graph shows how much water is delivered for different uses. As illustrated, a majority of the water delivered to District Customers (70%) is for residential use. The balance is delivered for irrigation, commercial/industrial (business), agriculture and governmental/institutional (parks, libraries, schools) uses.



- Agriculture
- Commercial/Industrial
- Government/Institutional
- Irrigation
- Residential

Meters in Service by Use Type

This graph shows meters in service by use. Almost 85% of the District's 28,622 meters are used to supply water to single-family residences.



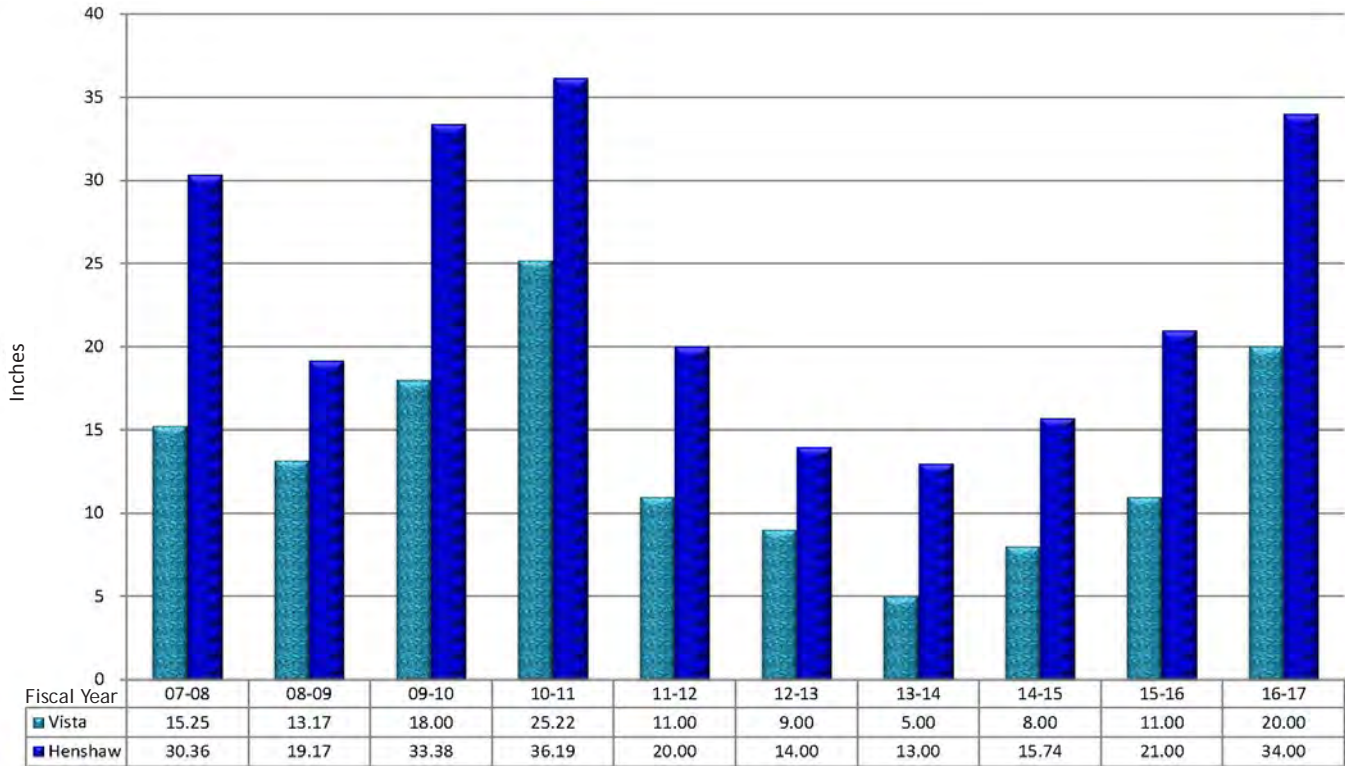
- Agriculture
- Commercial/Industrial
- Government/Institutional
- Irrigation
- Residential
- Fire Service

DISTRICT DEMOGRAPHICS

Rainfall

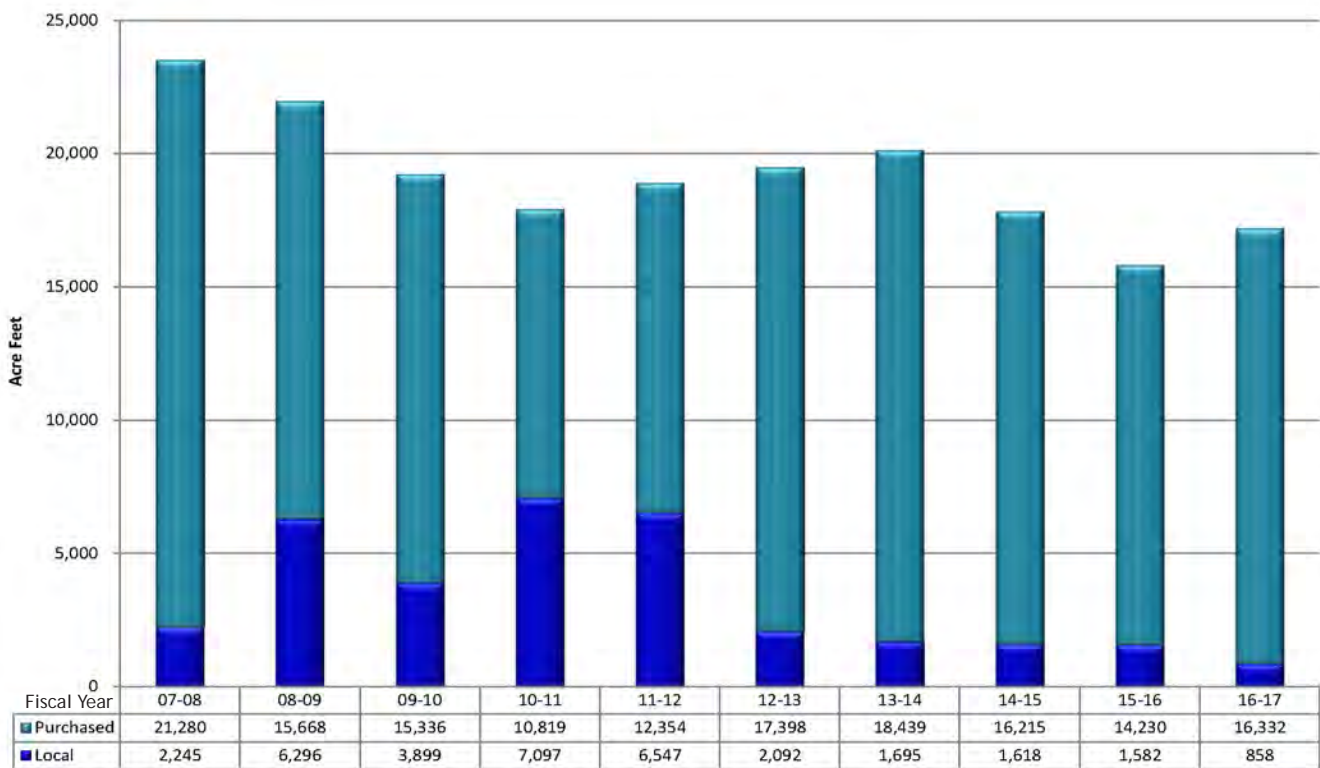
(July 1 - June 30)

This graph shows rainfall totals for Vista and the Lake Henshaw area over the past ten years.



Water Received

The District receives water from Lake Henshaw (local) and from Northern California, the Colorado River and desalinated sea water (purchased). This graph shows how much of each source was received in a given year.



DISTRICT DEMOGRAPHICS

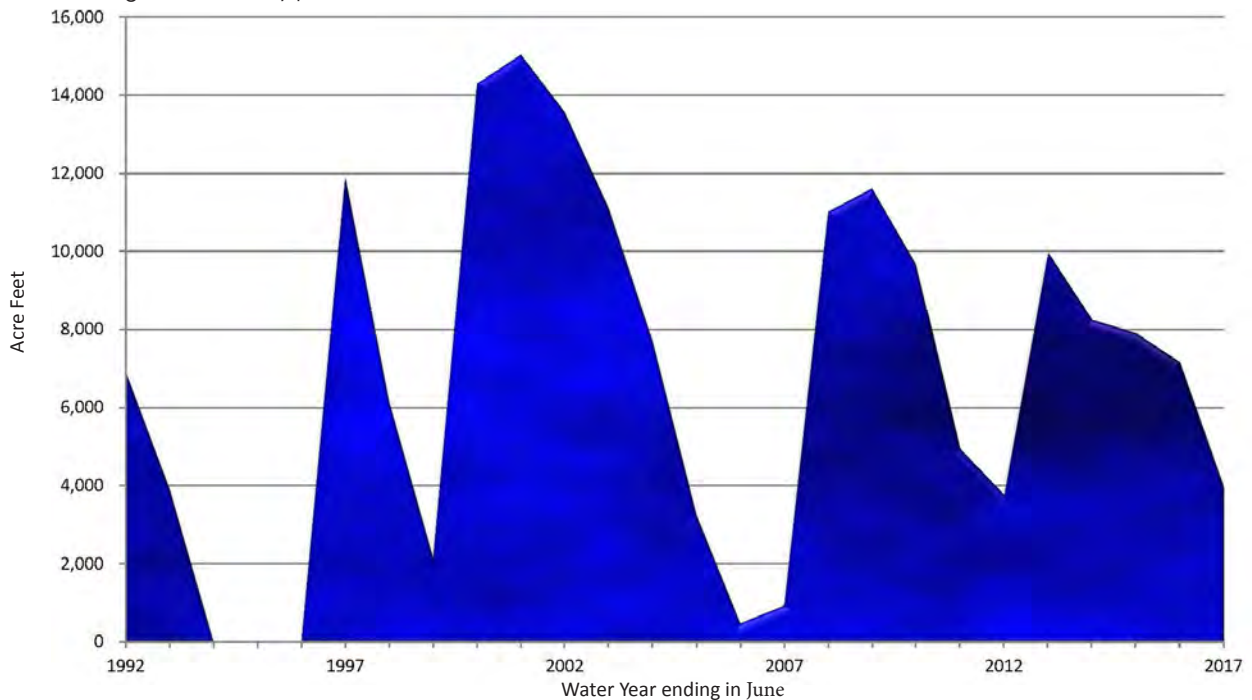
Distribution Efficiency

The Distribution Efficiency graph shows water delivered to customers (from purchased and local sources) which is represented by the blue bars. The orange line shows historical water losses. Losses encompass water that was delivered to the District but not sold to customers. Water losses can be attributable to a number of factors, including pipeline leaks and breaks, under-registering meters, evaporation, theft, hit fire hydrants and fire suppression activities.



Water Pumped from Warner Basin (Yearly Totals)

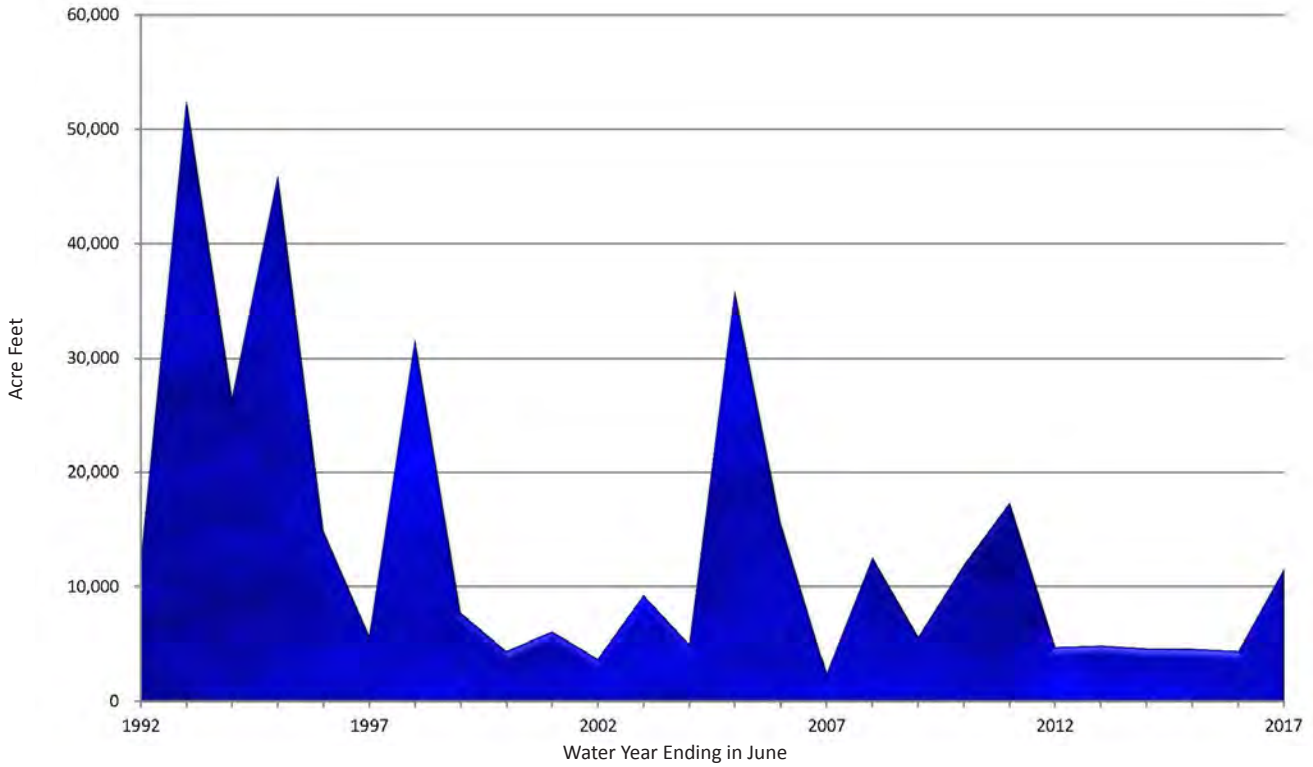
Lake Henshaw's water comes from run-off as well as pumped groundwater from the Warner Basin, which surrounds the lake. This graph shows pumped water totals from 1992 to 2017. Typically, pumped water is more heavily relied on during extended dry periods.



DISTRICT DEMOGRAPHICS

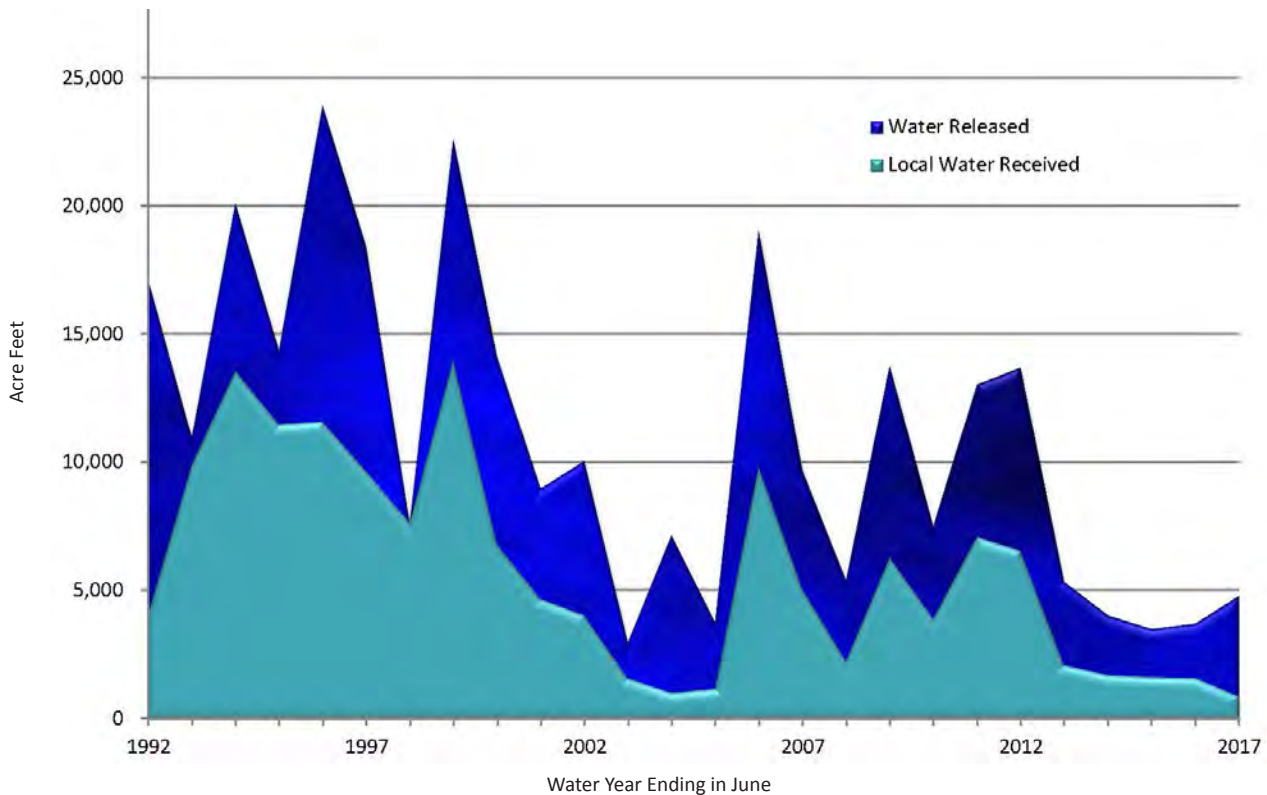
Water Stored in Lake Henshaw

Lake Henshaw's storage capacity is 51,774 acre feet. As depicted in the graph, the lake has been full once in the last 25 years; the last time the lake was full was 1993.



Water Released from Lake Henshaw versus Local Water Received

This graph compares water released from Lake Henshaw with local water received by the District. Typically, the amount of water received is less than the amount of water released because, by contract, the District must release a percentage of water to the City of Escondido and the Rincon Band of the Mission Indians.





DISTRICT FINANCIALS

Management's Discussion and Analysis

Our discussion and analysis of Vista Irrigation District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2017. Please read it in conjunction with the District's financial statements which begin on page 26. This annual financial report consists of two parts -- Management's Discussion and Analysis (this section) and the Financial Statements.

Financial Statements

The District's financial statements include four components:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

The statements of net position includes all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net Position is displayed in two categories:

- Net investment in capital assets
- Unrestricted

The statements of net position provide the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statements of revenues, expenses and changes in net position present information which shows how the District's net position changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statements of revenues, expenses and changes in net position measure the success of the District's operations during the year and determine whether the District has recovered its costs through user fees and other charges.

The statements of cash flows provide information regarding the District's cash receipts and cash disbursements during the year. These statements report cash activity in four categories:

- Operating
- Noncapital financing
- Capital and related financing
- Investing

These statements differ from the statements of revenues, expenses and changes in net position by only accounting for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by accounting principles generally accepted in the United States of America that are not otherwise present in the financial statements.

Financial Highlights

- Overall, operating revenues increased 9.7%, while operating expenses increased 15.7%.
- The District realized a \$1.3 million operating gain during the current fiscal year primarily due to increased water sales and higher water rates. Costs of purchased water were higher in the current year, due to more imported water activity, as a result of decreased availability of local water.
- Contributed capital increased \$1.1 million due to the completion of five capital contribution jobs in the current year, as compared to three in the prior year.
- The District made a \$4.4 million payment of Claims Payable to the Indian Water Authority, in accordance with the Settlement Agreement which was finalized in May 2017. See Note 10 – Commitments and Contingencies for further information.

Management's Discussion and Analysis

Financial Analysis of the District

Net Position - The District's overall net position increased \$2.9 million between fiscal years 2016 and 2017, from \$106.2 to \$109.1 million. The District's overall net position increased \$3.9 million between fiscal years 2015 and 2016, from \$102.3 to \$106.2 million. During fiscal year 2016, cash and cash equivalents decreased \$8.3 million primarily due to a \$7.8 million prepayment of the PERS unfunded liability, and a \$1.4 million prepayment of the OPEB unfunded liability. The net investment in capital assets increased \$5.4 million in 2017 which reflects the excess of net capital additions over the current year depreciation and dispositions.

Vista Irrigation District's Net Position (In Millions of Dollars)

	2017	2016	2015
Current assets	\$ 33.8	\$ 37.5	45.4
Capital assets	89.9	84.6	82.5
Long-term prepaid expenses	4.3	4.0	2.4
Total Assets	<u>128.0</u>	<u>126.1</u>	<u>130.3</u>
Deferred outflows of resources	<u>5.2</u>	<u>9.8</u>	<u>1.5</u>
Current liabilities	8.9	6.3	6.8
Noncurrent liabilities	13.9	21.0	17.8
Total Liabilities	<u>22.8</u>	<u>27.3</u>	<u>24.6</u>
Deferred inflows of resources	<u>1.3</u>	<u>2.4</u>	<u>4.9</u>
Net Position:			
Net investment in capital assets	89.9	84.6	82.6
Unrestricted	19.2	21.6	19.7
Total Net Position	<u>\$ 109.1</u>	<u>\$ 106.2</u>	<u>102.3</u>

Change in Net Position – In fiscal year 2017, the District's operating revenues increased by 9.7% to \$47.4 million, and 94.8% of the District's operating revenues came from water sales. The increase in operating revenues resulted primarily due to increased water sales and higher water rates. In fiscal year 2016, the District's operating revenues decreased by 7.3% to \$43.2 million, and 95.4% of the District's operating revenues came from water sales. The decrease in operating revenues resulted primarily due to decreased water sales, as a result of water conservation efforts.

During fiscal year 2017, the District's operating expenses increased 15.7% to \$46.1 million primarily due to an increase in purchased water expenses, as a result of increased purchases and higher water rates. In addition, there was an increase in pension expense, as a result of GASB 68 valuations, and the annual payment of the PERS unfunded liability. During fiscal year 2016, the District's operating expenses decreased 3.6% to \$39.9 million primarily due to a decrease in purchased water, due to lesser demand as discussed above, as well as a decrease in depreciation expense, as a result of a change in useful lives implemented during that year, and a decrease in wages and benefits expenses.

The District's contributed capital increased from \$0.2 million to \$1.2 million in fiscal year 2017, due to more capital contribution jobs completed in the current year.

Management's Discussion and Analysis

Vista Irrigation District's Changes in Net Position (In Millions of Dollars)

	2017	2016	2015
Operating Revenues			
Water sales, net	\$ 44.9	\$ 41.2	\$ 44.6
System fees	1.0	0.6	0.9
Property rentals	0.8	0.7	0.7
Other services	0.7	0.7	0.4
Total Operating Revenues	<u>47.4</u>	<u>43.2</u>	<u>46.6</u>
Operating Expenses	<u>46.1</u>	<u>39.9</u>	<u>41.4</u>
Operating Income	<u>1.3</u>	<u>3.3</u>	<u>5.2</u>
Nonoperating Revenues (Expenses)			
Property taxes	0.4	0.4	0.4
Investment income	0.2	0.1	0.1
Legal settlement	(0.1)	(0.1)	(0.1)
Loss on disposal of capital assets	(0.1)	-	-
Total Nonoperating Revenues	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Contributed Capital	<u>1.2</u>	<u>0.2</u>	<u>0.5</u>
Changes in Net Position	2.9	3.9	6.1
Total Net Position - beginning	<u>106.2</u>	<u>102.3</u>	<u>96.2</u>
Total Net Position - ending	<u>\$ 109.1</u>	<u>\$ 106.2</u>	<u>\$ 102.3</u>

Capital Assets

At June 30, 2017, the District had invested \$175.6 million in capital assets with \$85.7 million in accumulated depreciation. Net capital assets increased \$5.4 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added \$8.3 million of capital assets. The largest capital additions were \$2.9 million in costs for several mainline replacement projects, \$2.0 million for flume relocation, \$2.0 million for reservoir rehabilitation, and \$0.6 million for water treatment plant construction costs. This year's capital reductions included filtration plant assets, vehicles, replacement/disposals of pipelines, reservoir-related assets, SCADA and other equipment with a total historical cost of \$1.3 million. Depreciation for the year was \$2.7 million.

At June 30, 2016, the District had invested \$168.6 million in capital assets with \$84.0 million in accumulated depreciation. Net capital assets increased \$2.0 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added \$4.6 million of capital assets. The largest capital additions were \$2.5 million in costs for several mainline replacement projects, \$1.3 million for water treatment plant construction costs, and \$0.2 million for SCADA upgrades and expansion. The capital reductions for that year included replacement/disposals of pipelines, reservoir-related assets, vehicles, SCADA and other equipment with a total historical cost of \$0.7 million. Depreciation for the year was \$2.6 million.

Management's Discussion and Analysis

Vista Irrigation District's Capital Assets, Net (In Millions of Dollars)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land, franchises and water rights	\$ 6.0	\$ 6.0	\$ 6.0
Buildings, canals, pipelines, reservoirs and dams	76.1	73.9	73.6
Equipment	1.8	1.6	1.2
Henshaw pumping project	0.4	0.4	0.4
Construction in progress	5.6	2.7	1.3
Total Capital Assets, Net	<u>\$ 89.9</u>	<u>\$ 84.6</u>	<u>\$ 82.5</u>

For more detailed information on capital asset activity, please refer to "Note 4 – Capital Assets" in the notes to the financial statements.

Capital Debt

At June 30, 2017 and 2016, the District had no capital debt and has no immediate need to issue debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for and the stewardship of the financial resources and facilities it manages and maintains. If you have questions about this report or need additional financial information, contact Vista Irrigation District's Finance Department at 1391 Engineer Street, Vista, California 92081.

Financial Statements

Statements of Net Position June 30, 2017 and June 30, 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents (notes 1 and 2)	\$ 7,959,960	\$ 9,860,788
Investments (notes 1 and 2)	17,893,733	19,464,400
Accounts receivable, net (notes 1 and 3)	7,038,468	7,322,618
Taxes receivable	36,345	38,701
Accrued interest receivable	9,099	12,755
Inventories of materials and supplies	518,533	443,284
Prepaid expenses and other current assets	349,949	315,552
Total Current Assets	<u>33,806,087</u>	<u>37,458,098</u>
Noncurrent Assets:		
Capital assets: (notes 1 and 4)		
Depreciable assets, net of accumulated depreciation:		
Buildings, canals, pipelines, reservoirs and dams	76,094,593	73,835,413
Equipment	1,824,660	1,585,894
Henshaw pumping project	390,914	432,342
Nondepreciable assets:		
Land, franchises and water rights	6,001,127	6,001,127
Construction in progress	5,613,539	2,695,476
Total capital assets	<u>89,924,833</u>	<u>84,550,252</u>
Long-term prepaid expenses (note 9)	4,236,388	4,026,847
Total Noncurrent Assets	<u>94,161,221</u>	<u>88,577,099</u>
Total Assets	<u>127,967,308</u>	<u>126,035,197</u>
Deferred Outflows of Resources		
Pension related (notes 1 and 8)	5,196,486	9,778,045
Total Deferred Outflows of Resources	<u>5,196,486</u>	<u>9,778,045</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

Statements of Net Position June 30, 2017 and June 30, 2016

	2017	2016
Liabilities		
Current Liabilities:		
Accounts payable (note 5)	\$ 7,141,890	\$ 4,746,416
Deposits	634,234	613,318
Compensated absences, current portion	403,445	382,428
Accrued expenses and other liabilities	680,436	499,273
Total Current Liabilities	<u>8,860,005</u>	<u>6,241,435</u>
Noncurrent Liabilities:		
Claims payable (note 6)	-	4,329,271
Compensated absences, long-term portion	1,029,729	962,240
Net pension liability (notes 1 and 8)	12,926,266	15,723,785
Total Noncurrent Liabilities	<u>13,955,995</u>	<u>21,015,296</u>
Total Liabilities	<u>22,816,000</u>	<u>27,256,731</u>
Deferred Inflows of Resources		
Pension related (notes 1 and 8)	<u>1,254,912</u>	<u>2,376,061</u>
Total Deferred Inflows of Resources	<u>1,254,912</u>	<u>2,376,061</u>
Net Position		
Investment in capital assets	89,924,833	84,550,252
Unrestricted (notes 7 and 11)	19,168,049	21,630,198
Total Net Position	<u>\$ 109,092,882</u>	<u>\$ 106,180,450</u>

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues		
Water sales, net (notes 1 and 3)	\$ 44,934,557	\$ 41,193,157
System fees	1,029,580	622,039
Property rentals	770,023	718,075
Other services	645,880	657,891
Total Operating Revenues	<u>47,380,040</u>	<u>43,191,162</u>
Operating Expenses		
Purchased water	23,826,729	18,721,053
Wages and benefits	13,492,353	11,870,598
Contractual services	3,495,060	4,125,191
Depreciation	2,719,379	2,581,311
Supplies	1,450,699	1,396,166
Professional fees	949,374	700,489
Insurance	535,788	531,811
Power	525,897	656,238
Office and general	481,697	489,547
Communications	56,779	49,845
Burden allocation	(1,422,130)	(1,255,779)
Total Operating Expenses	<u>46,111,625</u>	<u>39,866,470</u>
Operating Income	<u>1,268,415</u>	<u>3,324,692</u>
Nonoperating Revenues (Expenses)		
Property taxes	423,469	384,960
Investment income	168,777	129,591
Legal settlement	(66,961)	(83,905)
Loss on disposal of capital assets	(139,088)	(16,209)
Total Nonoperating Revenues	<u>386,197</u>	<u>414,437</u>
Income Before Contributed Capital	1,654,612	3,739,129
Contributed Capital	1,257,820	165,021
Changes in Net Position	<u>2,912,432</u>	<u>3,904,150</u>
Total Net Position - beginning	<u>106,180,450</u>	<u>102,276,300</u>
Total Net Position - ending	<u>\$ 109,092,882</u>	<u>\$ 106,180,450</u>

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Receipts from customers	\$ 47,664,190	\$ 42,826,571
Payments to suppliers	(32,676,969)	(39,320,532)
Payments to employees	(7,706,430)	(7,830,931)
Collection of deposits	1,961,571	877,561
Return of deposits	(1,940,655)	(990,875)
Net Cash Provided (Used) by Operating Activities	<u>7,301,707</u>	<u>(4,438,206)</u>
Cash Flows From Noncapital Financing Activities		
Receipts from property taxes	425,825	379,487
Legal settlement payment	(4,396,232)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(3,970,407)</u>	<u>379,487</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from disposal of capital assets	32,312	40,651
Capital contributions	917,224	-
Acquisition and construction of capital assets	(7,924,764)	(4,471,550)
Net Cash Used by Capital and Related Financing Activities	<u>(6,975,228)</u>	<u>(4,430,899)</u>
Cash Flows From Investing Activities		
Proceeds from maturities of investments	19,500,000	19,500,000
Interest on cash and investments	87,642	39,740
Purchase of investments	(17,844,542)	(19,393,909)
Net Cash Provided by Investing Activities	<u>1,743,100</u>	<u>145,831</u>
Net Decrease in Cash and Cash Equivalents	(1,900,828)	(8,343,787)
Cash and Cash Equivalents - beginning	<u>9,860,788</u>	<u>18,204,575</u>
Cash and Cash Equivalents - ending	<u>\$ 7,959,960</u>	<u>\$ 9,860,788</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

Financial Statements

Statements of Cash Flows For the Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Operating Income to Net		
Cash Provided (Used) by Operating Activities		
Operating Income	\$ 1,268,415	\$ 3,324,692
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,719,379	2,581,311
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Accounts receivable, net	284,150	(364,591)
Inventories of materials and supplies	(75,249)	103,993
Prepaid expenses and other assets	(243,938)	(1,659,258)
Deferred outflows of resources	4,581,559	(8,289,079)
Accounts payable	2,395,474	230,610
Deposits	20,916	(113,314)
Accrued expenses and other liabilities	269,669	106,968
Net pension liability	(2,797,519)	2,197,032
Deferred inflows of resources	(1,121,149)	(2,556,570)
Net Cash Provided (Used) by Operating Activities	\$ 7,301,707	\$ (4,438,206)
Noncash Investing, Capital and Financing Activities		
Contributed capital assets	\$ 340,596	\$ 165,021
Increase in fair value of investments	\$ 84,791	\$ 84,606

The accompanying notes are an integral part of the financial statements.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

Description of the Reporting Entity

Vista Irrigation District (District) is a public entity established in 1923, pursuant to the Irrigation District Act of the California Water Code, for the purpose of providing water services to the properties in the District. The District's service area lies within the northwestern quadrant of San Diego County, encompassing approximately 21,160 acres. Historically, the District has received 30% of its water supply from Lake Henshaw which, along with the surrounding 43,000 acre Warner Ranch, is owned and operated by the District. The remaining 70% of the District's supply comes from Northern California through the State Water Project and from the Colorado River. These sources are conveyed to the District via aqueducts owned and operated by water wholesalers, the Metropolitan Water District of Southern California and the San Diego County Water Authority. The District is governed by a Board of Directors consisting of five directors elected by geographical divisions, based on District population, for four-year alternating terms.

The criteria used in determining the scope of the reporting entity are based on the provisions of the Governmental Accounting Standards Board (GASB) Statement 14. The District is the primary government unit and currently has no component units. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

Basic Financial Statements

The basic financial statements are comprised of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and the notes to the basic financial statements.

Basis of Presentation

The accounts of the District are reported as an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect: the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all investment instruments are considered to be cash equivalents if purchased with a maturity of three months or less and are readily convertible to known cash amounts.

Notes to Financial Statements

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value in the statement of net position. All investment income, including changes in the fair value of investments, is recognized as revenues in the statement of revenues, expenses, and changes in net position. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Accounts Receivable

Accounts receivable includes both billed and unbilled water sales provided to District customers. An allowance for doubtful accounts is provided for uncollectible accounts based on the District's bad debt experience and on management's estimate.

Inventories of Materials and Supplies

Inventories of materials and supplies consist primarily of materials used in the construction and maintenance of the water system and are valued at average cost.

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Capital Assets and Depreciation

The District records at cost the acquisition of capital assets greater than \$5,000 and with a useful life of 3 or more years. Contributed assets are recorded at their acquisition value at the date of acceptance by the District. Self-constructed assets are recorded in the amount of labor, material, and overhead incurred. Depreciation is charged to expense and is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

	<u>Useful Life</u>
Buildings, canals, pipelines, reservoirs and dams	15 - 80 years
Equipment	3 - 25 years
Henshaw pumping project	10 - 20 years

Burden Allocation

The District allocates overhead burden costs to pipeline installation jobs, inspection work, fixed fee jobs, damage claims, and other small jobs. The overhead burden costs include management salaries, benefits, use of equipment, warehousing, and handling.

Vacation, Sick Leave, and Compensatory Time Off

The District records a liability equal to 100% of vacation earned and compensatory time off, and an applicable percentage of sick leave available to employees at year end (25%-100%), which is included in compensated absences, current and long-term portions. At June 30, 2017 and 2016, total compensated absences were \$1,433,174 and \$1,344,668, respectively.

Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Notes to Financial Statements

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

Pension Plans (Continued)

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68), requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over five years.
- Deferred outflows related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

Operating Revenues and Expenses

Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, capacity fees, connection and installation fees and property rentals to be operating revenues. The collection of deposits and return of deposits related to operating activities are reported in the District's cash flows from operating activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to Financial Statements

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

Operating Revenues and Expenses (Continued)

The collection of deposits and return of deposits related to the specific purpose of deferring the cost of acquiring, constructing or improving assets are reported in the District's cash flows from capital and related financing activities.

Net Position

In the Statements of Net Position, net position is classified in the following categories:

- Investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted net position - This amount is all net position that does not meet the definition of "investment in capital assets" or "restricted net position".

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the Statements of Net Position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Property Taxes

Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1, and is payable through December 10 without penalty. The second installment is due February 1, and becomes delinquent on April 10. Property taxes are remitted to the District from the County of San Diego at various times throughout the year.

Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. To help mitigate this risk, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The District participates in the following self-insurance programs of the Authority:

Property Loss - Insured up to \$150,000,000 per occurrence (total insurable value \$30,283,901) with \$5,000 deductible for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles; the Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased.

General Liability - Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$5,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000 per occurrence with no deductible for property damage; the Authority is self-insured up to \$5,000,000 and excess insurance coverage has been purchased.

Public Officials' Liability - Insured up to \$60,000,000 per occurrence; the Authority is self-insured up to \$5,000,000 and excess insurance coverage has been purchased.

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

Crime - Insured up to \$100,000 per occurrence with \$1,000 deductible.

Dam Failure Liability - Insured up to \$5,000,000 per occurrence with \$50,000 deductible; the Authority is self-insured up to \$50,000 and excess insurance coverage has been purchased.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged to expense as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

New Accounting Pronouncements

GASB Current Year Standards

GASB 74 - "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", effective for periods beginning after June 15, 2016 and did not impact the District.

GASB 77 - "Tax Abatement Disclosure", effective for periods beginning after December 15, 2015 and did not impact the District.

GASB 78 - "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans", effective for periods beginning after December 15, 2015, and did not impact the District.

GASB 79 - "Certain External Investment Pools and Pool Participants", contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015 and did not impact the District.

GASB 80 - "Blending Requirements for Certain Component Units", effective for periods beginning after June 15, 2016 and did not impact the District.

GASB Pending Accounting Standards

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

- GASB 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", effective for periods beginning after June 15, 2017.
- GASB 81 - "Irrevocable Split-Interest Agreements", effective for periods beginning after December 15, 2016.
- GASB 82 - "Pension Issues", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 84 - "Fiduciary Activities", effective for periods beginning after December 15, 2018.
- GASB 85 - "Omnibus 2017", effective for periods beginning after June 15, 2017.
- GASB 86 - "Certain Debt Extinguishment Issues", effective for periods beginning after June 15, 2017.
- GASB 87 - "Leases", effective for periods beginning after December 15, 2019.

Notes to Financial Statements

Note 2 - Cash and Investments

The following is a detail of cash and cash equivalents as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 6,882	\$ 7,439
Deposits	627,204	515,117
State Treasurer's investment pool	1,730,232	9,077,818
California Asset Management Program	5,595,642	260,414
Total cash and cash equivalents	<u>\$ 7,959,960</u>	<u>\$ 9,860,788</u>

As of June 30, 2017 and 2016, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2017</u> Fair Value	<u>2016</u> Fair Value
State Treasurer's investment pool	1 day	\$ 1,730,232	\$ 9,077,818
California Asset Management Program	1 day	5,595,642	260,414
Total cash equivalents		<u>\$ 7,325,874</u>	<u>\$ 9,338,232</u>
U.S. Treasury bills	7 months weighted average	\$ 17,893,733	\$ 19,464,400
Total Investments		<u>\$ 17,893,733</u>	<u>\$ 19,464,400</u>

Authorized deposits and investments of the District are governed by the California Government Code as well as policies set forth by the District's Board of Directors. Within the contents of these limitations, permissible instruments include FDIC-insured institutions' certificates of deposit and savings accounts, corporate medium-term notes, U.S. government agency/instrumentalities, money market instruments, money market mutual funds, mortgage backed securities, U.S. government bills, notes and bonds, and asset backed securities. Funds may also be invested in the local government investment pools.

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District is a voluntary participant in the California Asset Management Program (CAMP), an investment pool managed by Public Financial Management, Inc. CAMP was established under provisions of the California Joint Exercise of Powers Act. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

Notes to Financial Statements

Note 2 - Cash and Investments (Continued)

Interest Rate Risk. In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting investment maturities to five years. Express authority is granted to invest in investments with term to maturity of greater than five years with a maximum term of ten years, provided the investments are in accordance with stated policy and total investments shall not exceed the amount of long term liabilities outstanding. Investments exceeding five years will be matched with a corresponding liability.

Credit Risk. State law and District policy limits investments in money market funds to the top ratings issued by nationally recognized statistical rating organizations. The District's investment in the California Asset Management Program was rated AAAm by Standard & Poor's Corporation. The District's investment in the California State Treasurer's investment pool was unrated. U.S. Treasury bills are exempt from rating disclosures.

Concentration of Credit Risk. The District manages the concentration of credit risk by limiting local government investment pools and money market funds to a maximum of 40% and 20%, respectively, of the District's total available investment capital as outlined in the District investment policy. Furthermore, no more than 10% of the District's available investment capital can be invested in a single money market fund.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All deposits are entirely insured or collateralized. State law requires banks to secure the District's deposits by pledging government securities valued at 110% of the amount of the deposit as collateral. The District may waive the collateral requirement for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC). Beginning on January 1, 2013, combined deposits are insured by the FDIC up to \$250,000. As of June 30, 2017, the District's bank balances were \$572,988, of which \$250,000 were insured and the remaining \$322,988 were collateralized with securities held by the pledging institution's trust department. As of June 30, 2016, the District's bank balances were \$638,466, of which \$250,000 were insured and the remaining \$388,466 were collateralized.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Fixed Income Securities:				
Treasury Bills	\$ -	\$ 17,893,733	\$ -	\$ 17,893,733
Total Leveled Investments	<u>\$ -</u>	<u>\$ 17,893,733</u>	<u>\$ -</u>	<u>17,893,733</u>
Money Market and LAIF*				1,730,232
California Asset Management Program*				<u>5,595,642</u>
Total Investment Portfolio				<u>\$ 25,219,607</u>

*Not subject to fair value measurement.

Notes to Financial Statements

Note 2 - Cash and Investments (Continued)

Fair Value Measurements (Continued)

The District had the following recurring fair value measurements as of June 30, 2016:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Fixed Income Securities:				
Treasury Bills	\$ -	\$ 19,464,400	\$ -	\$ 19,464,400
Total Leveled Investments	<u>\$ -</u>	<u>\$ 19,464,400</u>	<u>\$ -</u>	<u>19,464,400</u>
Money Market and LAIF*				9,077,818
California Asset Management Program*				<u>260,414</u>
Total Investment Portfolio				<u>\$ 28,802,632</u>

*Not subject to fair value measurement.

Note 3 - Accounts Receivable, Net

As of June 30, 2017 and 2016, the net balances were comprised of accounts receivable balances of \$7,175,102 and \$7,842,310, respectively, less the allowances for doubtful accounts of \$136,634 and \$519,692, respectively.

On the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016, the balances of water sales, net of uncollectible accounts expense, were comprised of water sales revenues of \$44,937,219 and \$41,239,946, respectively, less uncollectible amounts of \$2,662 and \$46,789, respectively.

Note 4 - Capital Assets

Capital assets consist of the following at June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 6,001,127	\$ -	\$ -	\$ 6,001,127
Construction in progress	<u>2,695,476</u>	<u>7,525,945</u>	<u>(4,607,882)</u>	<u>5,613,539</u>
Total capital assets not being depreciated	<u>8,696,603</u>	<u>7,525,945</u>	<u>(4,607,882)</u>	<u>11,614,666</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	151,156,873	4,885,415	(1,095,852)	154,946,436
Equipment	5,627,859	461,881	(156,612)	5,933,128
Henshaw pumping project	<u>3,089,530</u>	<u>-</u>	<u>(2,500)</u>	<u>3,087,030</u>
Total capital assets being depreciated	<u>159,874,262</u>	<u>5,347,296</u>	<u>(1,254,964)</u>	<u>163,966,594</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(77,321,460)	(2,457,911)	927,528	(78,851,843)
Equipment	(4,041,965)	(220,038)	153,535	(4,108,468)
Henshaw pumping project	<u>(2,657,188)</u>	<u>(41,428)</u>	<u>2,500</u>	<u>(2,696,116)</u>
Total accumulated depreciation	<u>(84,020,613)</u>	<u>(2,719,377)</u>	<u>1,083,563</u>	<u>(85,656,427)</u>
Total capital assets being depreciated, net	<u>75,853,649</u>	<u>2,627,919</u>	<u>(171,401)</u>	<u>78,310,167</u>
Total capital assets, net	<u>\$ 84,550,252</u>	<u>\$ 10,153,864</u>	<u>\$ (4,779,283)</u>	<u>\$ 89,924,833</u>

Notes to Financial Statements

Note 4 - Capital Assets (Continued)

Capital assets consisted of the following at June 30, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 6,001,127	\$ -	\$ -	\$ 6,001,127
Construction in progress	1,354,968	4,201,134	(2,860,626)	2,695,476
Total capital assets not being depreciated	<u>7,356,095</u>	<u>4,201,134</u>	<u>(2,860,626)</u>	<u>8,696,603</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	149,035,819	2,615,860	(494,806)	151,156,873
Equipment	5,278,941	594,468	(245,550)	5,627,859
Henshaw pumping project	3,003,795	85,735	-	3,089,530
Total capital assets being depreciated	<u>157,318,555</u>	<u>3,296,063</u>	<u>(740,356)</u>	<u>159,874,262</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(75,385,495)	(2,386,368)	450,403	(77,321,460)
Equipment	(4,113,223)	(161,835)	233,093	(4,041,965)
Henshaw pumping project	(2,624,080)	(33,108)	-	(2,657,188)
Total accumulated depreciation	<u>(82,122,798)</u>	<u>(2,581,311)</u>	<u>683,496</u>	<u>(84,020,613)</u>
Total capital assets being depreciated, net	<u>75,195,757</u>	<u>714,752</u>	<u>(56,860)</u>	<u>75,853,649</u>
Total capital assets, net	<u>\$ 82,551,852</u>	<u>\$ 4,915,886</u>	<u>\$ (2,917,486)</u>	<u>\$ 84,550,252</u>

Note 5 - Accounts Payable

At June 30, 2017, the accounts payable of \$7,141,890 included \$4,985,650 for water purchases from the San Diego County Water Authority and \$2,156,240 for obligations to other vendors. The accounts payable of \$4,746,416 at June 30, 2016 included \$3,524,222 for water purchases from the San Diego County Water Authority and \$1,222,194 for obligations to other vendors.

Note 6 - Noncurrent Liabilities

See Note 10 – Commitments and Contingencies, for information regarding the establishment of the original \$3.85 million in claims payable that was payable to the Indian Water Authority.

Changes in the claims payable amounts in fiscal years ended June 30, 2017 and 2016 were as follows:

Fiscal Year	Beginning Balance	Consumer Price Index Adjustment	Payments	Ending Balance
2016	\$ 4,245,365	\$ 83,906	\$ -	\$ 4,329,271
2017	\$ 4,329,271	\$ 66,961	\$ (4,396,232)	\$ -

Increases to the claims payable amount were based on the increase in the Consumer Price Index, All Urban Consumers, San Diego, published by the United States Department of Labor, Bureau of Labor Statistics, per the proposed changes to the Settlement Agreement terms discussed in Note 10.

The Settlement Agreement was finalized on May 17, 2017, and the balance has been paid.

Notes to Financial Statements

Note 7 - Unrestricted Net Position

Unrestricted net position has been reserved by the Board of Directors for the following purposes:

	2017	2016
Emergency and contingency	\$ 9,000,000	\$ 8,000,000
Working capital	9,000,000	8,000,000
Future construction	1,020,168	5,521,079
Ranch improvements	147,881	109,119
Total unrestricted net position	<u>\$ 19,168,049</u>	<u>\$ 21,630,198</u>

Note 8 - Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information is listed in the June 30, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2017 are summarized as follows:

	Miscellaneous Plan		
	Tier 1	Tier 2	PEPRA
Hire date	prior to 1/1/2012	from 1/1/12 to 12/31/12	on or after 1/1/13
Benefit formula	3% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% - 2.418%	1.0% to 2.5%
Required employee contribution rates	4.5%	7.0%	6.25%
Required employer contribution rates			
Normal cost rate	16.264%	6.709%	6.24%
Payment of unfunded liability	\$635,547	\$0.00	\$16.00

Note 8 - Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement periods ended June 30, 2016 and 2015 (the measurement dates), the average active employee contribution rates for the respective miscellaneous Tier 1, Tier 2, and PEPRA plans were 4.5%, 7.0%, and 6.25% of annual pay. The employer's contribution rates were 16.264%, 6.709%, and 6.237% of annual payroll for the measurement period ended June 30, 2016, and 21.322%, 8.005% and 6.25% for the measurement period ended June 30, 2015. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2016 and 2015 for the combined miscellaneous Tier 1, Tier 2, and PEPRA plans were \$1,924,128 and 1,488,966, respectively.

B. Net Pension Liability

The District's net pension liabilities were measured as of June 30, 2016 and 2015, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, and June 30, 2014 rolled forward to June 30, 2015 using standard update procedures.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement periods ended June 30, 2016 and June 30, 2015 (the measurement dates), the total pension liabilities were determined by rolling forward the June 30, 2015 and 2014 total pension liability. The June 30, 2015 and June 30, 2016 total pension liabilities for the Plan were based on the following actuarial methods and assumptions:

Valuation Dates	June 30, 2015 and 2014
Measurement Dates	June 30, 2016 and 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.50%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service.

(2) Net of pension plan investment and administrative expenses; includes inflation.

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There were no changes of assumptions during the measurement period of June 30, 2016. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55%)	(1.05%)
Total	100%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

Miscellaneous Plan:

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2015 (VD)	\$ 81,295,803	\$ 65,572,018	\$ 15,723,785
Balance at: 6/30/2016 (MD)	\$ 84,850,803	\$ 71,924,537	\$ 12,926,266
Net Changes during 2015-16	\$ 3,555,000	\$ 6,352,519	\$ (2,797,519)

Valuation Date (VD), Measurement Date (MD).

The District's proportionate share of the net pension liabilities were based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The changes in the District's proportionate share of the collective net pension liabilities were as follows:

	<u>Miscellaneous</u>
Proportionate Share - June 30, 2015	0.57314%
Proportionate Share - June 30, 2016	<u>0.37210%</u>
Change - Increase (Decrease)	<u>(0.20104%)</u>
	<u>Miscellaneous</u>
Proportionate Share - June 30, 2014	0.54731%
Proportionate Share - June 30, 2015	<u>0.57314%</u>
Change - Increase (Decrease)	<u>0.02583%</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan's Net Pension Liability - 2017	\$ 24,349,827	\$ 12,926,266	\$ 3,485,260

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan's Net Pension Liability - 2016	\$ 26,795,190	\$ 15,723,785	\$ 6,583,054

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement periods ending June 30, 2016 and June 30, 2015 (the measurement dates), the District incurred a pension expense of \$2,479,626 and \$978,564, respectively for the Plan.

As of June 30, 2016, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,816,735	\$ -
Differences between expected and actual experience	66,774	(15,300)
Changes in assumptions	-	(631,746)
Net difference between projected and actual earnings on pension plan investments	3,288,030	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	24,947	(607,866)
Total	<u>\$ 5,196,486</u>	<u>\$ (1,254,912)</u>

These amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense. \$1,816,735 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. At June 30, 2017 amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2018	\$ (219,631)
2019	8,971
2020	1,483,859
2021	851,640
2022	-
Thereafter	-
	<u>\$ 2,124,839</u>

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

As of June 30, 2015, the District had deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,682,740	\$ -
Differences between expected and actual experience	95,305	-
Changes in assumptions	-	(901,680)
Net difference between projected and actual earnings on pension plan investments	-	(452,024)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(1,022,357)
Total	<u>\$ 9,778,045</u>	<u>\$ (2,376,061)</u>

These amounts above were net of outflows and inflows recognized in the 2014-15 measurement period expense. \$9,682,740 reported as deferred outflows of resources related to contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions were recognized in future pension expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2017	\$ (1,045,754)
2018	(1,018,111)
2019	(794,679)
2020	577,788
2021	-
Thereafter	-
	<u>\$ (2,280,756)</u>

E. Payable to the Pension Plan

At June 30, 2017 and 2016, the District had no outstanding amount of contributions to the pension plan required for the years ended June 30, 2017 and 2016.

Note 9 - Other Postemployment Benefits

Plan Description

In accordance with the terms and conditions of the employment agreements for employees hired before January 1, 2012, the District offers postemployment healthcare benefits to eligible employees who retire on or after January 1, 2006 under CalPERS, who have reached the minimum age of 50, and have completed fifteen years of service with the District (ten years for management employees). The plan is a single-employer benefit plan. Coverage will not extend beyond a combined fifteen years for the retiree and their eligible spouse (twenty years for management employees). The years of coverage may be split between the retiree and spouse; however, the maximum coverage for a retiree may not exceed ten years, and the number of years of coverage for the spouse may not exceed the number of years of coverage for the retiree. A specific health plan provides this direct insurance coverage to retiring employees that reside in the California service area as defined by the plan. If the retiree lives outside the California service area, the District reimburses the retiree quarterly for health insurance premiums not to exceed the current premiums paid to the specific health plan.

Notes to Financial Statements

Note 9 - Other Postemployment Benefits (Continued)

Plan Description (Continued)

For employees who retired on or after January 1, 1990 and prior to January 1, 2006, the District offers postemployment healthcare benefits to eligible employees for a coverage period not extending beyond 10 years and does not cover dependents.

The District pre-funds its other postemployment benefits (OPEB) with CalPERS through the California Employers' Retiree Benefits Trust (CERBT) Fund. The CERBT is a trust fund that allows public employers to pre-fund the future cost of their retiree health insurance benefits and OPEB obligations for their covered employees or retirees. Employers that elect to participate in the CERBT make contributions into the trust fund. Participating employers use investment earnings to pay for retiree health benefits, similar to the CalPERS pension trust.

The District fully funds its OPEB liability through the CERBT. For the years ended June 30, 2017 and 2016, the District was fully funded in a prepaid status (in relation to the Annual Required Contribution), and was not required to make any contributions to the CERBT.

CERBT publishes separate financial statements that conform to GASB Statement No. 43 in separately issued financial statements for the CalPERS Trust. Copies of the CalPERS' annual financial report for its OPEB Trust may be obtained from its executive office at 400 P Street, Sacramento, California 95811.

Funding Policy and Annual OPEB Cost

The District's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the "annual required contribution of the employer" (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the value of employer promised benefits expected to be earned or allocated for each fiscal year and to amortize any unfunded actuarial liabilities (or funding expense) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information for the plan are as follows:

	Retiree Healthcare Plan 2017	Retiree Healthcare Plan 2016
Annual required contribution	\$ 317,673	\$ 300,155
Interest on net OPEB asset	(293,154)	(173,526)
Adjustment to annual required contribution	<u>291,289</u>	<u>172,422</u>
Annual OPEB cost (expense)	315,808	299,051
Contributions made	<u>(525,349)</u>	<u>(1,951,272)</u>
Increase (decrease) in net OPEB obligation/(asset)	(209,541)	(1,652,221)
Net OPEB obligation (asset) - beginning of year	<u>(4,026,847)</u>	<u>(2,374,626)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (4,236,388)</u>	<u>\$ (4,026,847)</u>

In June 2016, the District opted to make a lump sum payment of \$1,399,898 in order to pay off the unfunded portion of the District's OPEB liability.

Notes to Financial Statements

Note 9 - Other Postemployment Benefits (Continued)

Funding Policy and Annual OPEB Cost (Continued)

Annual OPEB Cost includes interest and the ARC adjustment, in addition to the ARC.

In accordance with the provisions of GASB Statement No. 45, the District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

	Year End	Annual OPEB Cost	Actual Contribution	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
Retiree Healthcare Plan	June 30, 2015	\$282,630	\$391,306	138.5%	(\$2,374,626)
Retiree Healthcare Plan	June 30, 2016	\$299,051	\$1,951,272	652.5%	(\$4,026,847)
Retiree Healthcare Plan	June 30, 2017	\$315,808	\$525,349	166.4%	(\$4,236,388)

Funded Status and Funding Progress

The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as a % of Annual Covered Payroll
	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
July 1, 2011	\$1,109,493	\$3,779,819	(\$2,670,326)	29.4%	\$7,523,865	(35.5%)
July 1, 2013	\$1,238,734	\$3,574,767	(\$2,336,033)	34.7%	\$7,494,718	(31.2%)
July 1, 2015	\$3,599,740	\$4,999,638	(\$1,399,898) *	72.0%	\$7,601,853	(18.4%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

*A \$1,399,898 prepayment was made in June 2016, subsequent to the July 1, 2015 actuarial valuation date, in order to pay off the unfunded portion of the District's actuarial accrued liability.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay
Remaining amortization period	22 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.28%
Projected salary increases	3.00%

Notes to Financial Statements

Note 9 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit with service prorated. The actuarial assumptions included a 7.28% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.5% HMO and 7.0% PPO for 2017, each declining by 0.5% per year through 2020, and a trend rate of 5.0% per year for both HMO and PPO for all years after 2020. Both rates included a 2.8% inflation assumption. The UAAL is being amortized over an initial 30 years using the level-percentage of pay method on a closed-basis. The remaining amortization period at June 30, 2015 is assumed to be 22 years. It is assumed the District's payroll will increase 3.00% per year.

Note 10 - Commitments and Contingencies

Commitments

On May 17, 2017 the District settled its long-standing water rights lawsuit with various Indian bands. The settlement resulted in the District paying its \$4.4 million obligation in accordance with the Settlement Agreement.

Per the terms of the Settlement Agreement, the District and the City of Escondido are responsible for all costs associated with maintaining and operating the local water system, including the cost of undergrounding of a canal on the San Pasqual Indian Reservation (currently estimated to cost \$30 million). The cost of the undergrounding project (Project) will be divided evenly between the District and the City of Escondido. Per the terms of the Settlement Agreement, the Project must be completed no later than May 17, 2023.

The District has been named as defendant in various other legal actions. In the opinion of management and legal counsel, it is too early to determine the outcome and effect on the District's financial position.

Note 11 – Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 12, 2017, the date the financial statements were available to be issued.

Required Supplementary Information

June 30, 2017

Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years*

	Measurement Date <u>6/30/2016</u>	Measurement Date <u>6/30/2015</u>	Measurement Date <u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability ¹	0.14938%	0.22908%	0.21738%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,926,266	\$ 15,723,785	\$ 13,526,753
Plan's Covered-Employee Payroll ²	\$ 7,601,853	\$ 7,473,687	\$ 7,494,718
Plan's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll	170.04%	210.39%	180.48%
Plan's Proportionate Share of the Fiduciary Net Position as a % of the Plan's Total Pension Liability	74.06%	80.66%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions ³	\$ 2,678,414	\$ 2,268,191	\$ 1,789,539

1 Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

2 Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

3 The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net positions, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation.

Schedule of Plan Contributions Last 10 Years*

	Fiscal Year <u>End 2017</u>	Fiscal Year <u>End 2016</u>	Fiscal Year <u>End 2015</u>
Actuarially Determined Contribution	\$ 1,816,735	\$ 1,924,128	\$ 1,488,966
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,816,735)</u>	<u>(9,682,740)</u>	<u>(1,488,966)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (7,758,612)</u>	<u>\$ -</u>
Covered-Employee Payroll ¹	\$ 7,576,845	\$ 7,601,853	\$ 7,473,687
Contributions as a % of Covered-Employee Payroll	23.98%	127.37%	19.92%

1 Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation.

This page intentionally blank



1391 Engineer Street
Vista, CA 92081
(760) 597-3100
www.vidwater.org



STAFF REPORT

Board Meeting Date: April 4, 2018
Reviewed By: Brett Hodgkiss
Approved By: Eldon Boone

SUBJECT: GENERAL COUNSEL FEES

RECOMMENDATION: Consider General Counsel Joel Kuperberg's request for an adjustment to the fees for general counsel services.

PRIOR BOARD ACTION:

3/20/16 Approved adjustments to the fees for legal services from Rutan & Tucker as follows: General Legal Services increased from \$240 to \$255 per hour; Special Legal Services increased from \$265 to \$280 per hour.

FISCAL IMPACT: The proposed adjustment is estimated to increase the annual legal fees from Rutan and Tucker from \$110,000 to \$114,000, or \$4,000 per year.

SUMMARY: The District's General Counsel, Joel Kuperberg, was appointed by the Board as General Counsel on October 2, 2008. At this time, Mr. Kuperberg is proposing an increase to his fees for general legal services from \$255 per hour to \$265 per hour and his fees for special legal services (primarily complex and specialized issues and litigation) from \$280 per hour to \$290 per hour. General Counsel's fees have not changed since the Board last approved an increase in March 2016. The proposed fees represent a 4 percent increase for both general legal services and special legal services.

DETAILED REPORT: Please see the attached letter dated March 9, 2018, from General Counsel Joel Kuperberg of Rutan and Tucker to President Paul Dorey and the Members of the Board of Directors. Mr. Kuperberg has requested that the Board consider an adjustment to the rates paid by the District for general counsel services. Article 4 of the legal services agreement with Rutan and Tucker, "Term of Agreement" states the following:

ATTORNEY may request an adjustment in the Agreement's fee schedule. This proposal for an adjustment must be submitted by ATTORNEY, to be received by the DISTRICT, at least ninety (90) days prior to the effective date of the requested adjustment. The DISTRICT reserves both the right to determine the reasonableness of the proposal and the right to accept, reject or negotiate ATTORNEY's proposed adjustment.

Staff has conducted a survey of other local water agencies' general counsel fees which is attached for comparison purposes.

ATTACHMENTS: Letter from General Counsel Joel Kuperberg
General Counsel Fee Survey

March 9, 2018

President Paul Dorey and
Members of the Board of Directors
Vista Irrigation District
1391 Engineer Street
Vista, CA 92081-8836

Re: Adjustment of Fees for General Counsel Services

President Dorey and Members of the Board of Directors:

The purpose of this letter is to request a modest adjustment to the rates paid by Vista Irrigation District for general counsel services. We appreciate the Board's consideration of this request, which would be only the third adjustment to our rates in the almost ten years that we have had the honor to serve the District.

Under the District's agreement with Rutan & Tucker, general legal services are currently charged at the rate of \$255 per hour, while special legal services (i.e., large projects and litigation) are charged at the rate of \$280 per hour. These rates were adjusted in the spring of 2016. The District is fortunate not to have significant litigation, such that virtually all of our legal services have been provided to the District at the general legal services rate of \$255 per hour.

When the Board last adjusted legal services rates in 2016, the Board requested that future rate increase requests be presented every two years in order to avoid larger increases over a longer period of time. This letter responds to that request.

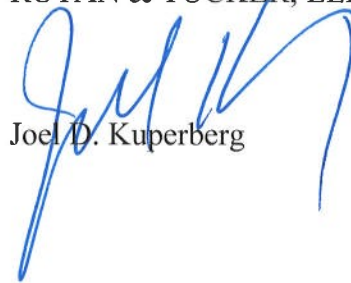
In order to address the incremental effects of inflation and normal business costs impacting the provision of legal services, we ask the Board of Directors to consider a rate adjustment of \$10.00 to the hourly rates for both general legal services and special legal services. This proposed adjustment is an increase of 4% for general legal services and for special legal services which represents an increase of slightly less than 2% per year since our last adjustment in 2016. Even with this modification, the legal fee structure for Vista Irrigation District will remain at or below the rates that most lawyers charge similarly-sized agencies in Southern California for general and specialized legal services, and is significantly below the rate that we charge private sector clients and public agencies for "special counsel" services.

President Paul Dorey and
Members of the Board of Directors
March 9, 2018
Page 2

Thank you in advance for your consideration of this request. It has been a privilege for me to serve as general counsel for Vista Irrigation District for over nine years, and I have very much enjoyed working with the Board and District staff. We look forward to the opportunity to continue to provide legal services to VID, and to assist the Board of Directors in achieving the goals and objectives of the District.

Very truly yours,

RUTAN & TUCKER, LLP



Joel D. Kuperberg

JDK:nd

General Counsel Rate Survey, March 2018

AGENCY	COUNSEL/FIRM	LAST INCREASE	INCREASE AMT.	CURRENT RATE
Encina JPA	Greg Moser, Procopio, Cory, Hargreaves & Savitch	2007	\$25	\$285
Fallbrook PUD	Paula de Sousa Mills, BBK	July 2017	\$5	\$260
Helix WD	Elizabeth Hull and Scott Smith Best Best & Krieger (BBK)	July 2017	3%	Monthly retainer \$10,425; \$283 special services Partner; \$261 for Associate; \$228/hr. Associate 2.
Leucadia WWD	Wayne Brechtel, Worden Williams APC	2014	Not provided	\$234
Olivenhain MWD	Alfred Smith, Nossaman LLP	May 2017	4%	\$268.48 up to 1200 hrs. per year; varied hourly rates for special counsel
Otay WD	Daniel Shinoff, Stutz Artiano Shinoff and Holtz	2011	N/A	Monthly retainer \$20,000/100 hours; \$240 for services outside the retainer; \$210 for associates.
Padre Dam MWD	Paula de Sousa Mills, BBK	March 1, 2018		\$249 for General Counsel Services \$290 for Special Counsel Services
Rainbow MWD	Alfred Smith, Nossaman LLP Bill Pellman, Nossaman LLP	Contracted in 2016	\$70/hr. up to 420 hrs. per year; \$40/hr. for 420+ hrs. per yr.	\$355/hour up to 420 hours per year \$325/hour for 420+ hours per year Varied hourly rates for special counsel
Ramona MWD	Jennifer Lyon, McDougal Love Boehmer Foley Lyon & Canlas	Contracted in April 2015	N/A	\$185
Rincon del Diablo MWD	Gerry Shoaf, Redwine & Sherrill	2017	\$25	\$245.00 until 6/30/18; after which hourly rate will increase annually by amount equal to annual consumer price index for San Diego region.
Santa Fe ID	Paula de Sousa Mills, BBK	Nov. 2017	2.80%	\$245
Sweetwater Authority	Paula de Sousa Mills, BBK	July 2017	\$9	\$254
Vallecitos WD	James Gilpin, BBK	Contracted in March 2018	N/A	\$260 for general counsel services Partner; \$235 for Associate. \$290 for special counsel services Partner; \$260 for Associate; beginning 1/1/19, hourly rate will increase annually by amount equal to annual consumer price index for San Diego region.
Valley Center MWD	Paula de Sousa Mills, BBK	July 2017	\$5	\$262
Vista ID	Joel Kuperberg, Rutan & Tucker	April 2016	\$10	\$255 general; \$280 special \$265 general; \$290 special (proposed)
Yuima MWD	Stradling Yocca Carlson & Rauth	Jan. 2018	\$20	\$375



Agenda Item: 14

STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Eldon Boone

SUBJECT: MATTERS PERTAINING TO THE ACTIVITIES OF THE SAN DIEGO COUNTY WATER AUTHORITY

SUMMARY: Informational report by staff and directors concerning the San Diego County Water Authority. No action will be required.



San Diego County Water Authority

**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
MARCH 22, 2018**

- 9-1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed monthly Treasurer's Report.
- 9-2. Ordinance amending Chapter 4.04 of the Administrative Code.
The Board adopted Ordinance No. 2018-01, an ordinance of the board of directors of the San Diego County Water Authority amending Chapter 4.04 of the Administrative Code.
- 9-3. Resolution changing the April 2018 Board Meeting Dates.
The Board adopted Resolution No. 2018-03, a resolution of the Board of Directors of the San Diego County Water Authority moving the scheduled regular April 26, 2018, Board meeting date to April 12, 2018, and moving the scheduled April 12, 2018, special Board meeting to April 26, 2018.
- 9-4. Designations for Emergency Assistance and Relief.
The Board adopted Resolution No. 2018-04, a Resolution of the Board of Directors of the San Diego County Water Authority to designate officers and employees authorized to execute certain disaster relief or emergency assistance documents.
- 9-5. Bureau of Reclamation 2018 Bay-Delta Restoration Program: CALFED Water Use Efficiency Grants Application.
The Board adopted Resolution No. 2018-05, authorizing the General Manager to submit a grant application to the Department of Interior, Bureau of Reclamation, under the 2018 Bay-Delta Restoration Program's "CALFED Water Use Efficiency Grants", and commit the Water Authority to the financial and legal obligations associated with the receipt of grant funds, if selected.
- 9-6. Notice of Completion for the Carlsbad 6 Flow Control Facility project.
The Board authorized the General Manager to accept the Carlsbad 6 Flow Control Facility project as complete, record the Notice of Completion, and release funds held in retention to Kiewit Infrastructure West, Inc. following the expiration of the retention period.
- 9-7. Adopt positions on various state bills.
- A) The Board adopted a position of Support on AB 1944 (Garcia), relating to the San Luis Rey Valley Groundwater Basin.
- B) The Board adopted a position of Support if Amended on AB 2060 (Garcia), relating to advance payment grant awards for disadvantaged communities.
- C) The Board adopted a position of Support on AB 2283 (Holden), relating to income tax exemption for water conservation rebates.



San Diego County Water Authority

- D) The Board adopted a position of Oppose Unless Amended on SB 998 (Dodd), relating to water system shutoffs.
- E) The Board adopted a position of Support and Amend on SB 1367 (Atkins), relating to the San Diego River Conservancy program.
- F) The Board adopted a position of Oppose Unless Amended on the Brown Administration's proposed budget trailer bill, dated February 1, 2018, related to safe and affordable drinking water.

9-8. Adopt a Resolution of Support for Proposition 68 – the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

The Board adopted resolution 2018-06, endorsing Proposition 68, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

9-9. Retirement of Director.

The Board adopted Resolution No. 2018-07, honoring Ken Olson upon his retirement from the Board of Directors.



STAFF REPORT

Agenda Item: 15.A

Board Meeting Date: April 4, 2018
Prepared By: Lisa Soto
Approved By: Eldon Boone

SUBJECT: REPORTS ON MEETINGS AND EVENTS ATTENDED BY DIRECTORS

SUMMARY: Directors will present brief reports on meetings and events attended since the last Board meeting.



STAFF REPORT

Agenda Item: 15.B

Board Meeting Date: April 4, 2018
Prepared By: Marian Schmidt
Approved By: Eldon Boone

SUBJECT: SCHEDULE OF UPCOMING MEETINGS AND EVENTS

SUMMARY: The following is a listing of upcoming meetings and events. Requests to attend any of the following events should be made during this agenda item.

	SCHEDULE OF UPCOMING MEETINGS AND EVENTS	ATTENDEES
1	Vista Chamber of Commerce Heroes of Vista <i>Apr. 13, 2018 – 6:00 p.m. - Cal State University San Marcos</i> <i>Reservation deadline: None</i>	
2	Special District Leadership Academy (CSDA) <i>Apr. 15-18, 2018 – Embassy Suites Monterey Bay – Seaside</i> <i>Registration deadline: 4/15/18</i>	
3 *	Council of Water Utilities Meeting <i>Apr. 17, 2018 – 7:15 a.m. - Hotel Karlan, room TBD</i> <i>Reservation deadline: 4/12/18</i>	Dorey Vásquez
4	ACWA Spring Conference <i>May 8-11, 2018 – Convention Center, Hyatt Regency, Sheraton Grand, Sacramento</i> <i>Registration deadline: 4/20/18</i>	Dorey (A,H,R) MacKenzie (R) Vásquez (A,H,R) Miller (A,H,R) Sanchez (A,H,R)
5 *	Council of Water Utilities Meeting <i>May 15, 2018 – 7:15 a.m., Location TBD</i> <i>Reservation deadline: 5/10/18</i>	
6	Bay-Delta Tour (Water Education Foundation) <i>May 16-18, 2018 – Sacramento International Airport</i> <i>Reservation deadline: 5/2/18</i>	
7 *	CSDA Quarterly Dinner Meeting <i>May 17, 2018 – 6:00-9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa</i> <i>Reservation deadline: 5/10/18</i>	Dorey MacKenzie Vásquez
8	Special District Legislative Days (CSDA) <i>May 22-23, 2018 – Sacramento</i> <i>Registration deadline: 5/10/18</i>	MacKenzie
9	Prop. 26, Prop. 218, and Rate Setting (CSDA) <i>May 30, 2018 – Santa Margarita Water District, Las Flores</i> <i>Registration deadline: 5/24/18</i>	
10	Orange County Water Summit (Municipal Water District of Orange County) <i>June 1, 2018 – Disney’s Grand Californian Hotel, Anaheim</i> <i>Registration deadline: 5/18/18</i>	
11 *	Council of Water Utilities Meeting <i>June 19, 2018 – 7:15 a.m., Location TBD</i> <i>Reservation deadline: 6/14/18</i>	
12	Headwaters Tour (Water Education Foundation) <i>June 28-29, 2018 – Rancho Cordova (GEI Consultants)</i> <i>Reservation deadline: 6/14/18</i>	
13	Special District Leadership Academy (CSDA) <i>July 8-11, 2018 – Embassy Suites Napa Valley, Napa</i> <i>Registration deadline: 6/8/18</i>	

	SCHEDULE OF UPCOMING MEETINGS AND EVENTS	ATTENDEES
14 *	Council of Water Utilities Meeting <i>July 17, 2018 – 7:15 a.m., Location TBD</i> <i>Reservation deadline: 7/12/18</i>	
15 *	CSDA Quarterly Dinner Meeting <i>Aug. 16, 2018 – 6:00-9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa</i> <i>Reservation deadline: 8/9/18</i>	
16 *	Council of Water Utilities Meeting <i>Aug. 21, 2018 – 7:15 a.m., Location TBD</i> <i>Reservation deadline: 8/16/18</i>	
17	Urban Water Institute’s Annual Water Conference <i>Aug. 22-24, 2018 – Hilton San Diego Resort</i> <i>Registration deadline: 8/8/18</i>	
18 *	Council of Water Utilities Meeting <i>Sept. 18, 2018 – 7:15 a.m., Location TBD</i> <i>Reservation deadline: 9/13/18</i>	
19	Governance Foundations – Module 1 (CSDA Special District Leadership Academy) <i>Sept. 24, 2018 – Renaissance Indian Wells Resort</i> <i>Registration deadline: 9/13/18</i>	
20	CSDA Annual Conference <i>Sept. 24-27, 2018 – Renaissance Resort -Palm Springs</i> <i>Registration deadline: TBD</i>	
21	First Annual Western Groundwater Congress (GRA) <i>Sept. 25-27, 2018 – Double Tree by Hilton, Sacramento</i> <i>Registration deadline: TBD</i>	
22	Northern California Tour (Water Education Foundation) <i>Oct. 10-12, 2018 – Sacramento International Airport</i> <i>Reservation deadline: 9/26/18</i>	
23 *	Council of Water Utilities Meeting <i>Oct. 16, 2018 – 7:15 a.m., Location TBD</i> <i>Reservation deadline: 10/11/18</i>	
24	Legislative Round-Up Webinar (CSDA) <i>Nov. 1, 2018 – 10:00 a.m. – 12:00 p.m.</i> <i>Registration deadline: 10/25/18</i>	
25	San Joaquin River Restoration Tour (Water Education Foundation) <i>Nov. 7-8, 2018 – Fresno</i> <i>Reservation deadline: 10/24/18</i>	
26	AB 1234 Ethics Compliance Training Webinar (CSDA) <i>Nov. 13, 2018 – 10:00 a.m. -12:00 p.m.</i> <i>Registration deadline: 10/25/18</i>	
27 *	CSDA Quarterly Dinner Meeting <i>Nov. 15, 2018 – 6:00-9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa</i> <i>Reservation deadline: 11/8/18</i>	
28	ACWA Fall Conference <i>Nov. 27-30, 2018 – San Diego</i> <i>Registration deadline: TBD</i>	
29	Colorado River Water Users Association (CRWUA) <i>Dec. 12-14, 2018 – Las Vegas – Hotel TBD</i> <i>Registration deadline: TBD</i>	

* Non-per diem meeting except when serving as an officer of the organization

The following abbreviations indicate arrangements that have been made by staff:

A=Airline; **R**=Registration; **C**=Car; **H**=Hotel; **T**=Tentative



STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Lisa Soto

SUBJECT: ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

SUMMARY: This item is placed on the agenda to enable the Board to identify and schedule future items for discussion at upcoming Board meetings and/or identify press release opportunities.

Staff-generated list of tentative items for future agendas:

- Water Master Plan
- Headquarters painting proposals
- Warner Ranch annexations
- Pipeline Replacement Project – Group Job 1
- San Pasqual Undergrounding Project Design Proposals



Agenda Item: 17

STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Lisa Soto

SUBJECT: COMMENTS BY DIRECTORS

SUMMARY: This item is placed on the agenda to enable individual Board members to convey information to the Board and the public not requiring discussion or action.



Agenda Item: 18

STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Eldon Boone

SUBJECT: COMMENTS BY GENERAL COUNSEL

SUMMARY: Informational report by the General Counsel on items not requiring discussion or action.



Agenda Item: 19

STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Eldon Boone

SUBJECT: COMMENTS BY GENERAL MANAGER

SUMMARY: Informational report by the General Manager on items not requiring discussion or action.



STAFF REPORT

Board Meeting Date: April 4, 2018
Prepared By: Eldon Boone

SUBJECT: CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

SUMMARY: Discussion concerning real property transactions in compliance with Government Code section 54956.8 regarding:

Property: Vista Irrigation District property located at the northwest corner of Engineer Street and Pipeline Drive in Vista, CA 92081 (APN 219-532-22)

Agency Negotiators: Eldon Boone and Brian Smith

Negotiating Party: Public generally

Under Negotiation: Price and terms

NOTICE OF ADJOURNED MEETING
OF THE BOARD OF DIRECTORS OF THE
VISTA IRRIGATION DISTRICT


A REGULAR MEETING OF THE BOARD OF DIRECTORS OF VISTA IRRIGATION DISTRICT, HELD ON APRIL 4, 2018, WAS ADJOURNED UNTIL 8:30 AM, APRIL 18, 2018, AT THE OFFICE OF THE VISTA IRRIGATION DISTRICT, 1391 ENGINEER STREET, VISTA, CALIFORNIA.

* * * * *

AFFIDAVIT OF POSTING ORDER OF ADJOURNMENT OF MEETING

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)

I, Lisa R. Soto, hereby certify that I am the duly appointed, qualified Secretary of the Board of Directors of Vista Irrigation District; that the foregoing is duly noted in the Minutes of said Regular Meeting of the Board of Directors of Vista Irrigation District; that said Regular Board Meeting was ordered adjourned to the time and place above specified; and that I posted a copy of this order of adjournment near the public entrance to the Board Room at the offices of the District.



Lisa R. Soto, Secretary
Board of Directors
Vista Irrigation District

POSTED: April 4, 2018